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Submission to the NSW Department of Planning and Environment - Draft Hunter Regional Plan

Thank you for the opportunity to comment on the Draft Hunter Regional Plan.

The Australian Industry Group (Ai Group) is a national industry association representing employers in a wide range of industries including manufacturing and ICT. In the Hunter Region we have about 180 member companies across the full spectrum of manufacturing which includes chemicals, machining, steel fabrication, Sheetmetal fabrication, electronics and electrical, and engineering, repair, technology, service and consulting companies. Employment is believed to be around 27,000 people or 9% of the workforce.

The Hunter region has a higher level of skilled workers than most other regions which is reflection of the high trade based employment in our industry. This has contributed to a very adaptable, problem solving and can-do workforce.

The Region's manufacturing industry suffers from an image problem both within and outside of the region from the steel making era of BHP and associated heavy industries. The smoke-stack pollution of 86 years up till 1999 still colours many outsiders' views of the city. Since then the heavy engineering nature of the region has in many ways been maintained in building and servicing much of the infrastructure for mining, freighting and loading coal.

However, a great many smart engineering and technical businesses were "spun-off" BHP to grow a cluster of nimble consulting and technical companies which have greater reach than just one industry eg: environmental monitoring and remediation. The need to diversify has become more intense since the almost instant cessation of new mining spend in September 2012. Some 80% of our members had a footprint in servicing the coal mining industry, some with a footprint greater than 70%.

In 2013, the Ai Group led a study tour to Mittlestand (middle size) family owned manufacturing companies to understand the reasons for their success. The major discovery was the high degree of companies, regardless of size, who invested in Research and Development and the seamless movement of researchers between industry and universities. Until the Prime Minister's Innovation Statement in 2015, there has been little incentive for this to happen. The Ai Group's Innovation Cluster has 86 members who are a mixture of innovative manufacturers, researchers and educators who have created 'the conversations'. Innovation is now accepted by a growing number of our member companies as essential to survival and growth. They are as a result becoming "knowledge companies focussed on solutions for customers."

Another feature of the local manufacturing and engineering industry has been an almost total trade within the Hunter Region itself - a reflection of the size and consistency of work coming to it in the 20 years to 2102 from mining. Ai Group, Hunternet and Austrade have been encouraging more companies to move into exporting and to become part of global supply chains. Ai Group led a trade delegation to Pittsburgh USA in 2015 to develop collaborations in manufacturing end technology as well as sister city connections. We were able to springboard off the already existing strong research connections between the University of Pittsburgh and the University of Newcastle in medical and engineering research. The University of Newcastle I believe is rated as Number 3 in Australia for engineering research and number 4 in medical research. We discovered that the innovation capacity of Pittsburgh was founded on the deep engineering skills developed over two centuries in steel making and forging which have been transferred to such unlikely fields as materials research for "printing" artificial limbs. Newcastle has similar depth in engineering skills for the same reason.

The University of Newcastle and Hunter Institute of TAFE are outstanding teaching institutions and the UoN has world class research facilities. By partnering with both of these organisations, Hunter Manufacturing is developing a new future which will eventually put it among the smartest manufacturing regions in the world networking with similar smart regions.

I believe that the manufacturing, engineering and technology industry of the Hunter has a very bright future. It is highly skilled, nimble and on the lookout for new opportunities here and abroad. It is worthy of recognition by the State of NSW for these strengths which would assist the attraction of funds for innovation and expansion.

In conclusion, this covering letter provides the backdrop for interpreting the attached table of comments pertaining to specific sections of the Draft Plan.

If you would like further information please do not hesitate to contact me on adrian@aigroup.asn.au

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Adrian Price', with a stylized flourish at the end.

Adrian Price
Regional Manager
Hunter, Central Coast and Northern NSW

Australian Industry Group Hunter Regional Office: Response to Draft Hunter Regional Plan 2016

Item	Comment	Recommendations
Vision Statement	This statement is a very passive statement and does not create any new picture either for residents of the Hunter or people from outside	Add after, economic strengths – “highly skilled workforce and excellent educational facilities” These are our keys to the Knowledge Economy of the present and future.
NSW Government 4 Goals	Developing a Knowledge Economy should be one of these. The rationale is as follows “The industry and economy of the Hunter Region is undergoing significant structural change as a result of the downturn in coal mining investment and the projected long term decline for coal globally. Many manufacturing companies are needing to diversify their products and markets and the merging of information technology and engineering technology is advancing to produce world class products and services.”	Add Goal 5: Grow the Knowledge Economy
Goal 2: Grow the largest regional economy in Australia	Innovation in business and research institutions is essential for the development of new IP. Research and industry groups have commenced dialogue and regular meetings occur to stimulate business and industry innovation to assist in the transformation from heavy industry to more nimble, high tech operations. This needs to be encouraged in the Plan.	On Page 17: Below the 7 dot points in para 3, add “Innovation and collaboration”
Direction 2.1	To capitalise on new opportunities, traditional manufacturing and service industries should be encouraged and assistance to apply their knowledge to the development of food growing and processing	Include into Para 5 on Page 18 at the end. Research, mining, environmental and manufacturing organisations will be encouraged to collaborate to develop new opportunities from their core competencies to support growth of agriculture and food production eg: mining remediation companies can apply their soils knowledge to pasture improvement etc for the agriculture industry.
Action 2.1.1	Para 3. The State Government has effectively allowed protesters to kill off the coal seam gas	Add reference to gas supporting the development of value adding industries.

	<p>industry in this region. Proposed legislation against unlawful occupation of leases and equipment is gas applauded. Gas reserves are vital to the viable economy of the Hunter Region's industry and to NSW.</p> <p>Second dot Point Para 5: recommend add "new industries". A frequent criticism of State Government policies on gas is the apparent disinterest in developing petro-chemical industries which can create value-added products from gas.</p>	Point Para 5: recommend add "new industries".
Action 2.1.2	Add to the list in paragraph "Glass House production of fruit and vegetables" which can be well served by high water quality, clean air and high numbers of sunny days." Glass house operation brings a whole new science to food production which is highly technology driven. It attracts foreign investment from countries like the Netherlands which is world leader in glasshouse technology. An example already exists at Fullerton Cove north of Newcastle.	Add Glass House production of fruit and vegetables
Action 2.1.3	Export of rural produce is absent from the list. The Federal Government has identified food production as a national economic growth industry	Add export
Direction 2.2	The singling out of Retail as an important economic activity is puzzling when the manufacturing industry heavily invests in R&D, creates added value products, exports and is around the same size workforce as Retail. An even bigger difference is that manufacturing has a very highly skilled workforce compares with retail who are largely unskilled, except for managers.	If a reference to Retail Industry is to be retained in the Plan, it needs to be supplemented with reference to "more knowledge intensive industries such as manufacturing, engineering and technology."
Action 2.2.1	Reference to the international education and research bodies should be made eg: University of Newcastle, Newcastle Institute for Energy and	Add reference to these institutions that contribute significantly to the creation of our "Knowledge Economy". The Ai Group is currently preparing a submission the NSW

	Resources (NIER), Hunter Medical Research Institute (HMRI), CSIRO Clean Energy Precinct. In addition Hunter Institute of TAFE provides world class technical training and 22 high schools participate in the ME Program to advance STEM take-up by students to make the Hunter a leader in STEM skill take-up in high schools nationally. Collaborations between technology start-ups, universities, TAFE, angel investors and the Australian Industry Group are advancing. If the current funding bid by Newcastle City Council and UoN for a Hunter Innovation Hub in the CBD is successful, that should also be added.	Department of Industry to have the NSW Government recognise the Hunter as an “International Centre of Engineering Excellence” in recognition of our deep engineering skills base and its dynamic engineering technology community. This might also be added.
Action 2.2.2	An under-challenged aspect of tourism is business tourism. The Hunter is a world leader in many fields of production such as mining, wine production, defence, manufacturing and technology. Ai Group is active in developing inter regional collaborations with Germany and the USA currently and with the UK in 2017. Hunternet has been active in developing trade in manufactured goods and services in mining with China and Vietnam.	<ul style="list-style-type: none"> • Establish a function within the Department of Industry and Regional Development to monitor the provision of business level accommodation and convention facilities to ensure that supply keeps up with demand in an expanding economy. • Ensure that all web based promotional material of regional business is accessible in key languages such as Japanese, Mandarin, Vietnamese, German, Spanish.
Action 2.2.3	<ul style="list-style-type: none"> • Page 35 Para 2. Creation of Business Parks like North West Business Park in Sydney and Westmoreland County Business park in Pittsburgh • Para 3. The dependence on motor transport to all of the sites listed here is a big problem especially in attracting young employee who do not have a license and depend on parents to drop them off at early hours. • Bike riding is also a health promotion issue for employees in manufacturing who largely 	<ul style="list-style-type: none"> • Include the development of Business Parks with retail, sporting, accommodation, medical and start-up co-working spaces so that modern technology and manufacturing can have attractive work spaces that have access to transport etc, not out in the wilds and completely isolated. • Develop an integrated transport plan to link industrial estates to population centres through good public transport links. Encourage car-pooling and provide bike racks for buses and bike space on trains to assist greater access to industrial estates such as Beresfield

	do not do physically demanding work any more.	<p>and Rutherford.</p> <ul style="list-style-type: none"> • Building of a light rail line between Newcastle, Hexham, Tomago, Heatherbrae, Williamtown (all have industrial estates) and Port Stephens (major residential hub) would be a tremendous asset which would link a number of business and work communities, major population centres and provide cross connections with others. • Build a railway station adjacent to the Rutherford Industrial estate. • Undertake regular marketing campaigns to attract employees away from car travel.
Direction 2.3 Enhance Inter-regional transport connections	<p>Reference to High Speed Rail Project</p> <p>A high speed rail connection to Sydney would unquestionably be a great and necessary asset as road commuting to Sydney becomes longer and hazardous at most times, but particularly in wet weather. However a cheaper option would have to be straightening major sections of the existing right of way and initially triplicating the rail lines (to provide a dedicated express rail line in each peak period) and eventually quadruplicating the lines to separate out freight traffic from passenger traffic. The Mullet Creek section north of the Hawkesbury River Bridge could be improved by building an elevated line across the water between the land points which are naturally in alignment. A contribution could be made to “the environment” as an offset to the loss of visual amenity. The section between</p>	<ul style="list-style-type: none"> • Undertake a detailed investigation to develop an initial three line rail connection between Hornsby and Newcastle, increasing to four lines by 2026. • The proposed inclusion of “business cars” on the new intercity trains will be a very welcome development to enhance business commuting.

	<p>Morisset and Fassifern could be relatively cheaply straightened to provide a wholly high speed line from Fassifern right through to Gosford. Widening the bottleneck of two lines on the steeply graded Hawkesbury River Bank south of Hawkesbury towards Cowan would be an expensive project but it would alleviate the frequent delays created by freight train breakdowns in this section and create greater reliability. A Travel time of less than 2 hours could be achieved using modern conventional trains stopping at fewer stops. It would be a very much cheaper option than building the HST line and achievable in stages that produce incremental improvements over time.</p>	
	<p>Upper Hunter Regional rail/bus connections</p> <p>The Upper Hunter cities of Muswellbrook and Singleton have very poor connectivity by rail and no connectivity by bus to Maitland and Newcastle. In the Hunter Regional Transport Plan there is no reference to planned improvements. The plan relies on the continued expansion of the local coal mining industry, however the current and long term outlook for mining is steady decline. This has already caused significant reductions in local employment which means people will need to look to the bigger centres for work. Without a car, that is virtually impossible. This places large burdens on young people (and their parents)</p>	<p>Undertake consultation between the communities of Muswellbrook, Singleton and Cessnock to improve public transport access to the major centres Lower Hunter.</p>

	<p>and anyone who loses their licence. Similar problems exist at Cessnock which has no passenger rail line, an empty industrial estate at Richmond Vale and high unemployment. Work related travel options are vital to the economic growth of these centres.</p>	
Action 2.2.2 Global transport networks	<p>Port of Newcastle</p> <p>The lack of a modern container handling facility in the Port of Newcastle is a significant cost factor for exporting and importing businesses both in terms of time and money. The Port is currently dependent on ships which have their own cranes. A significant proportion of container traffic is shipped by rail to Port Botany which also adds to the congestion on the rail network unnecessarily.</p>	<p>The provision of ship-side container craneage in Newcastle to make Newcastle a more attractive port for shippers.</p>
Direction 2.4 Managing conflicting interests in rural and resource areas	<p>Coal Seam Gas development</p> <p>Following sustained protests from organised protesters, the decision of AGL to exit from all of its leases in the Hunter Region is a disturbing development. Anecdotal evidence is that commercial farmers have been able to reach effective agreements with energy companies and that the protests come from environmental activists and hobby farmers. Sections of manufacturing are large users of gas and access to reliable and reasonably priced gas resources is vital to their survival.</p>	<p>In industry's view, it is urgent that the NSW Government reactivate coal seam gas development in NSW. However, it must also address as a matter of urgency, the community environmental concerns around exploration and extraction. The Government should allocate a sizable R&D Grant to research organisations to work with gas companies to derive better environmental performance that will satisfy community concerns. The region needs both gas and protection of the environment.</p>