



*Hunter Economic
Development Corporation*



**THE BENEFITS OF
TARGETING A
HIGH GROWTH FUTURE
FOR THE HUNTER**

The logo for Hunter Economic Development Corporation features a stylized, curved grey shape above the company name. The name is written in a serif font, with "Hunter Economic" on the top line and "Development Corporation" on the bottom line.

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The major task of the Hunter Economic Development Corporation (HEDC) is to promote economic development in the Hunter by facilitating the creation of sustainable jobs, attracting investment, providing advice to government about the region's economic development issues, and demonstrating leadership and partnership to regional stakeholders. This discussion paper is published by HEDC to promote debate about a key factor in shaping the region's economic future - population growth. It does not necessarily represent the views of any of the Board's individual members.

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In the past few years the people of the Hunter have had a number of visions thrust at them. Typically people will like some elements and not others. Many are, perhaps rightly, cynical about the whole "visioning" exercise.

This paper is less concerned with pushing a vision than it is with initiating a discussion. If you read the vision of the future set out on the opposite page and like the idea of the enhanced facilities and the economic prosperity, but balk at the mention of a million people living in the region, then read on, this paper is aimed at you.

To date the Hunter Region has relied on others to determine its future. We argue with the Sydney bureaucracies about how many people the region should accommodate and what infrastructure should be provided. We compare investment and facilities in the region to those in Sydney and we demand more.... And when it's not delivered, fingers are pointed at the core political allegiance of the region as reasons for an ageing infrastructure system, a fragmented planning process, and half a football stadium.

This paper takes a step back to ask if we can really expect high quality infrastructure and economic prosperity as a separate centre with a population of around 600,000. It asks whether the lack of a critical mass of skills, not government, holds back business investment; whether a lack of passengers, rather than government investment, holds back public transport viability; whether a lack of rate payers is fundamental to Local Government's seemingly intractable financial burden and whether a lack of customers holds back airlines, cultural facilities and other services from offering the quality of facilities we demand. Although government clearly has some role to play, the answer to these questions is a resounding yes.

This paper argues for targeting a Hunter of a million people (or more) to allow the region to meet its latent potential AND the expectations of its residents. Given the opportunity of an abundance of land, and with the application of strict planning principles, the mistakes of the past in other areas can be avoided, to create a modern 21st century community which is socially, environmentally and economically sustainable.

Consider This!

A Vision of the Hunter in the Future

The Hunter region of the future has a population of just under a million people most of which is concentrated in the regional centres of Newcastle, Glendale/Cardiff, Cessnock, Singleton and Maitland and in a series of linked towns and villages in between which offer more rural lifestyle choices. These centres are linked by a heavy rail network and a light rail system complements the heavy rail with more frequent stopping to serve Central Newcastle, the city's beaches, the University's campus at Callaghan (now one of three campuses in the region with one in Central Newcastle and one in Branxton), the John Hunter Hospital and medical research precinct, Lake Macquarie centres and the regional sporting facilities at Black Hill (built to host the 2030 Commonwealth Games). Hunter residents make 30% of their trips using their public transport network and since the opening of the F3 extensions to Branxton and Heatherbrae and the completion of the Newcastle inner bypass, the road network has remained relatively uncongested despite the rapid increase in population.

Newcastle West is a major employment hub boasting the head offices of no less than 8 ASX 200 companies which have been attracted by the lifestyle on offer to their employees in the region as well as the well educated and technically skilled workforce. Williamtown airport has just opened its second international terminal to expand its already successful offering of routes to destinations in the Asia Pacific region and to the USA.

Hunter residents are still lovers of sport. There is fierce regional competition between the Region's 2 NRL clubs, though the Knights still dominate. The Regional Stadium at Black Hill holds 70,000 and regularly hosts the Wallabies. 20/20 cricket has also been a great success at the venue. The region has also built on its cultural base. The main cultural precinct remains Newcastle's Cooks Hill and Civic precinct which is the permanent base of the Hunter Theatre Company and the world class Regional Gallery. The Conservatorium of Music is home to the region's famed Symphony Orchestra. However, Glendale, Maitland, Cessnock and Singleton all boast theatres and galleries and the regional facility at Black Hill boasts a major concert venue that attracts international artists.

The Port of Newcastle has never stopped, with coal ships still in evidence but gradually giving up their dominance in numbers to the giant container ships and other cargo vessels serviced at the twin facilities at the former BHP site and on Kooragang Island. Exports include value added products from the region's primary aluminium smelters, including engines and parts on their way to vehicle manufacturers around the world. The luxury boat industry has become part of the identity of a region synonymous with technical skills, craftsmanship and economic success. The new ocean liner terminal, part of the Honeysuckle precinct hosts over 20 cruise ships a year, visiting one of the 'must see' centres of Australia.

From the air you would never believe a million people could live here. Although the lights burn brightly in the regional centres parks and recreation areas ring Newcastle from Stockton Bight to the Watagan Range and from Glenrock South to the Central Coast. The settlements of the region are buffered by both public and privately managed reserves meaning Hunter people can still find the sense of space and rural atmosphere that attracted so many people to the region in the first place.

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Introduction

The Hunter is a region that is acutely aware of its own potential for prosperity, quality of life and economic growth.

A review of the media at around the time of any State or Federal Budget or election also reveals a sense of deep frustration that the region does not have the infrastructure in place to realise its potential. Typically this frustration is vented on Governments and the region looks jealously to Sydney to see the level of investment and services that it desires.

There is an increasing realisation in the region, however, that the Hunter should take control of its own destiny. There are reasons that the infrastructure and services the region aspires to are not provided and to simply put it down to political neglect is naïve. In this age of Public Private Partnerships there is a ready market for investment in viable infrastructure projects. If infrastructure and business investment is not being attracted to the Hunter Region, to the extent that we would like, then perhaps we should look not only to Government, but also to improving the fundamental viability of the region's proposed infrastructure priorities and our ability to attract investment to the region.

This paper is concerned with the role that population growth has to play in attracting that investment, and argues that if we want the facilities, the infrastructure and the services, it is increased population that will provide the greatest possible imperative for their provision. If we like what we see in this

crystal ball, then we should become more actively involved in creating that future, taking control of our own destiny.

At present, the guiding document to the future of the region is the Draft Lower Hunter Regional Strategy which provides for future population growth, slightly below current growth trends, of an additional 125,000 people over the next 25 years. The release of this document at the end of 2005 provoked a storm of debate about population levels. Demographers were generally content with the projections, green groups thought the numbers were acceptable, but on the high side, whilst the business community felt that the numbers were conservative and significantly too low.

A debate ensued in which demographer Bernard Salt¹ held out ten alternate futures for the Hunter which could lead to above trend growth and significantly higher population growth. Green groups accused developers of trying to push up the numbers to suit their own profit oriented interests. The broader business community has maintained that a strategy for the future of the Lower Hunter must consider higher growth scenarios for the future.

Setting aside the guessing game about what the population of the region will be in the future, what if we were to look to actively target a higher than trend growth level of population for the region?

CONTINUES. PAGE 2.

¹ Bernard Salt, Reforging the Future – Options for the Lower Hunter Region in the 21st Century, November 2005

What would this mean in terms of the provision of infrastructure, lifestyle and in terms of allowing the region to meet its long discussed potential?

This paper seeks to begin a discussion on this issue by looking at what a Hunter region of a million people would mean to the business prospects of the region and State and to our way of life. Although this is not a prediction of a population of a

million people in the region in any particular time frame, there does seem to be some likelihood to say that the current population of 600,000 will expand to a million people at some point in the future. This paper looks at the consequences of that population and its desirability for business, infrastructure and life in the Hunter with reference to national and international comparisons.

The analysis in this paper is assisted with reference to three regional cities from around the world:

- a. Calgary, Canada
- b. Birmingham, Alabama, USA
- c. Tyne and Wear, UK

Each has parallels to the Lower Hunter that give some guide to the levels of service that might be expected to be viable at a population of around a million people. A brief description of each of these cities is provided in Section 5.

For simplicity, the impact of population on business is examined in terms of three main categories:

- 1. Skills and the workforce
 - 2. Infrastructure and services
 - 3. Lifestyle
-

1. Skills and the workforce.

1.1 The Hunter today

The Hunter significantly underperforms relative to the NSW average in terms of education, both secondary and tertiary, and in terms of professional skills. Figure 1 shows that significantly fewer Hunter residents have completed year 12 than the state average (28% next to 38% for the State). The comparison with Sydney is worse still with some 44% completing year 12 in Sydney².

Figure 1: Highest level of schooling completed, Hunter and NSW 2001

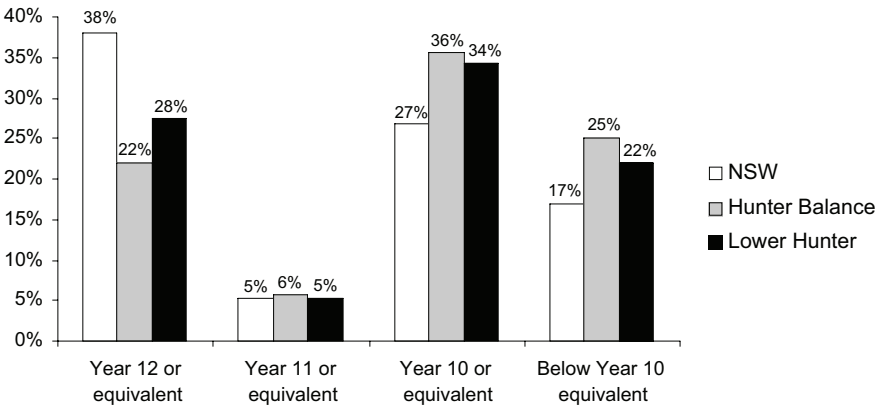
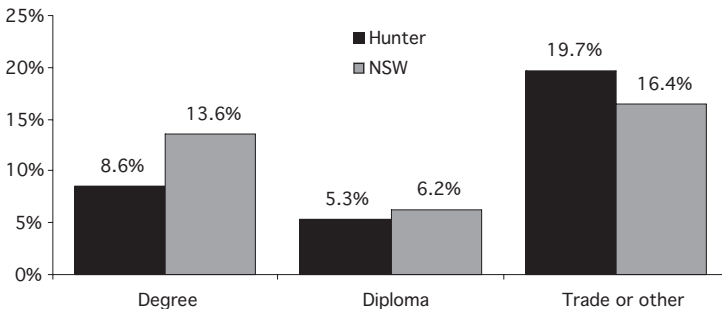


Figure 2 shows that the Hunter also underperforms the State Average in terms of population with a degree level qualification (8.6% next to 13.6%), though the region does narrowly outperform the State average in terms of people with a trade qualification.

Figure 2: Highest qualification of residents in the Hunter and NSW, 2001 % of population age 15 and over

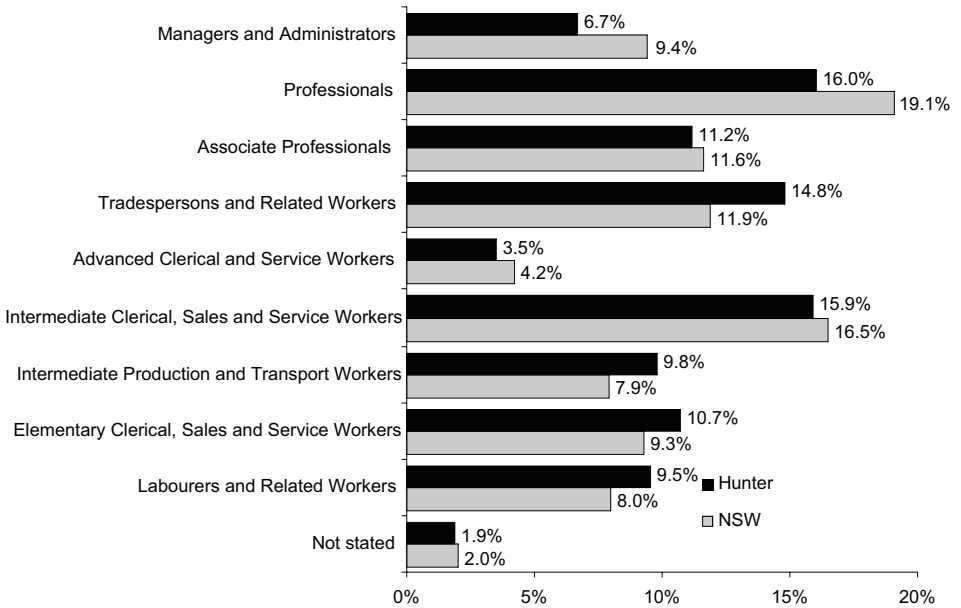


Source: Australian Bureau of Statistics, Population Census 2001

² ABS Census data 2001

Figure 3 shows that the Hunter has proportionally less people based in higher skill professions, other than the trades.

Figure 3: Proportion of employment in specified occupations, 2001



Source: Australian Bureau of Statistics, Population Census 2001

The Hunter Valley Research Foundation³ notes that there is a correlation between low educational attainment and high unemployment levels and that lower educational levels may reduce the ability of the region to attract certain investment and industries due to a lack of an appropriately skilled workforce. The lack of opportunities in these skilled areas may also lead to a brain drain effect of skilled individuals from the region.

Certainly data from the University of Newcastle shows that the region has difficulty retaining graduates. Although being the State's second largest importer of students⁴ the region loses about 50% of its graduates to other areas. One can only surmise that many of these people leave due to a lack of opportunities. In the economy of the 21st century where businesses are attracted to areas with significant skills pools this represents a distinct disadvantage for the region.

³Hunter Regional Profile, HVRF 2003
⁴DEST Atlas of higher Education 1999

1.2 Looking ahead

Richard Florida, a US commentator, argues that skilled creative people are increasingly making personal location decisions based on their lifestyle interests rather than slavishly following jobs to places in which companies choose to locate and that the presence of these people attracts the businesses of the 21st Century⁵.

"...rather than being driven by companies, economic growth [through the 1990s] was occurring in places that were tolerant, diverse and open to creativity - because they were places where creative people of all types wanted to live" (p. xvi).

He continues:

"...Access to talented and creative people is to modern business what access to coal and iron ore was to steelmaking. It determines where companies will choose to locate and grow, and this in turn changes the way cities [or regions] must compete..." (p.6).

The implication of these combined arguments is that the economic fortunes of a region rest on its ability to attract members of the "creative class", which in turn rests on its physical, demographic and activity features. This phenomenon may provide an opportunity to attract real job growth for the Hunter taking advantage of the lifestyle attributes of the region.

The census data presented above suggests that the Lower Hunter is not currently faring well on this front. As a region we are under educated and light on creative

and professional skills. Although we have well-established centres of technical excellence, we struggle to retain our skilled young people and to attract skilled workers from other parts of the world. It is probably symptomatic of the problem that, although we are enjoying a boom in coal extraction in the region, much of the benefit accrues to centres like Sydney and Brisbane because few of the mining companies choose to locate their head offices in the region.

Compounding the problem is the ageing of the region's population. Data from the Hunter Valley Research Foundation⁶ shows that the population of the Hunter is older than that of the State and that it is ageing at a faster rate. Projections show that 27% of the population will be aged over 60 by 2026. That is perhaps reflected in the lower than State average labour force participation rates in the region. Neither condition is conducive to marketing the region as a deep pool of skilled smart labour.

However, there are positive signs for the region. The BTRE report 'Focus on Regions No. 1: Industry Structure' (2003) looked at the knowledge-based economy in Australia and the existence of pools of employees in knowledge-based industries. These groupings point to a quite small number of regions which have a pool of appropriately qualified people and may be attractive to industries seeking to move their operations to those areas. Newcastle and surrounds comes top of the list in regional NSW.

⁵ Richard Florida, The rise of the creative class. 2003

⁶ HVRF Hunter Region Facts, Population and demography

Regional NSW - Employment in Technology and Knowledge Intensive Industries by LMR

BTRE Labour Market Region	Total Employment	Technology & Knowledge Intensive Industries	
	Number	Number	Share of Total
Newcastle & Surrounds	181451	63836	35%
Canberra & Surrounds NSW/ACT	178770	63064	35%
Gold Coast Tweed NSW/QLD	172577	52469	30%
Wollongong & Surrounds	100994	36046	36%
Albury Wodonga & Surrounds NSW/VIC	40990	13278	32%
Lismore, Casino, Ballina & Surrounds	35066	12232	35%
Wagga Wagga & Surrounds	28635	8820	31%
Shoalhaven	26310	7840	30%
Coffs Harbour	20558	6516	32%
Tamworth & Surrounds	20486	6555	32%
Hastings	20415	6660	33%

Clearly the region has some way to go to compete with the clusters of knowledge industries in Sydney but the analysis suggests that if the Hunter is to prosper in the future and to capitalise on the full potential of the current resource boom we must seek to attract more creative and skilled people to the region in order to build on our skills base. This is not just the case in modern and creative industries. Skills shortages also exist in the trades.

To build this pool of skills means attracting and retaining young skilled people to bolster the work force. The region certainly offers a lifestyle that has the potential to attract these groups. If we are to target bringing young people to the region then it follows that we will be seeking to increase the population at a rate above that of its natural increase. The ageing of the population and the attractiveness of the region to retirees

means that the Hunter will need to actively target population growth amongst younger age groups in order to build a workforce to attract major business investment.

The analysis above shows that the Hunter has some way to go before to compete effectively with other centres in attracting knowledge based businesses on a large scale. However, the task is far from impossible. The BTRE data above provides a clear indication that the region has a solid base. The University, Hunter Medical Research Institute, CSIRO Energy Centre, the lifestyle and employment on offer in the growth of the Honeysuckle Precinct, the expanding aerospace and defence sectors and the booming energy sector all point the way forward. Our challenge is to build on this base, to stop losing skilled people to other centres and to start attracting them to the region.

1.3 The direct benefits of population growth

In order to attract people to the Hunter Region a clear and strategic approach will be needed. It is clear that the Hunter offers many of the attributes people tired of the pace and cost of Sydney may be seeking. Factors such as relatively affordable housing, housing choice, rural or coastal lifestyles, a strong infrastructure base and an emerging cultural scene are in place. However, there appears to be an issue with negative perceptions of the region in some quarters which will need to be addressed. Moreover, because the region does not currently offer the variety of employment opportunities that are on offer in other State capitals, it is important that potential migrants come to view the Hunter as a growth region where opportunities are on the increase. The simplest way to achieve this is for the State Government to make a commitment to target high growth in the Hunter. Such a move would send signals to both individuals and business that this is a place to invest in the future.

In Victoria when the Labor Party under Steve Bracks announced it would upgrade heavy rail services to regional centres a mini investment boom was started. This was not because of the rail service, but more due to the positive signal given by the Government that these centres had a pivotal part to play in the future of the State. The Lower Hunter Regional Strategy gives the Government the opportunity to give just such a signal in NSW. A strategy that targets high and well above projected growth will clearly signal that the Hunter is both a place to invest and a place to locate.

High population growth will also assist to resolve the underperformance of the region in terms of education. There are two reasons that this is likely to be the case. The first is that traditionally the Hunter comes from a mining and heavy industry past and the expectations of many of the population are set by a paradigm of leaving school early to work in the mines the mills or associated industry. This mindset is changing with time, there are more first generation undergraduates at the University of Newcastle than at any other University in Australia, but an influx of people from outside the region bringing different ideas and expectations will accelerate that cultural change and alter young people's expectations from the education system.

The second reason is that with a higher population a better educational infrastructure will be viable. In its submission to the Draft Lower Hunter Regional Strategy the University of Newcastle argued for a higher population target and for larger concentrations of population to the West of the region. The following is an extract from that submission:

We should actively seek a population target that allows the region to become more economically competitive, able to better care for its ageing population and to provide the capacity for enhanced service provision.

1.3 THE DIRECT BENEFITS OF POPULATION GROWTH • CONTINUED FROM PAGE 7.

We should be planning and actively targeting to increase the population of the region at a higher rate for the following reasons:

- It is important to redress the natural ageing of the region's population
- To remain internationally competitive the Lower Hunter needs to work to attract skilled working age people
- Many services are determined by population growth. The region badly needs enhanced connectivity to Sydney through an improved or very fast train service. Such a service is unlikely to be financially viable without increased

a comprehensive review of the region's strategic direction and needs rather than being based on attempts to forecast the future.

It goes on to state:

The University of Newcastle would prefer to see a Strategy that concentrated growth in a few major new centres, close to established employment nodes. Under such a development plan, the University would be better able to provide an additional facility in a central location in the Hunter to ensure that more remote students have access to face to face tuition. This would also relieve pressure on Newcastle's rental accommodation. However, such a centre

“It's when people are at the stage of starting families that they look at different locations, and housing is very much part of that decision...”

population. University funding is also indirectly linked to the region's population. There are many areas where increased population leads to increased services.

- The Lower Hunter region has greater carrying capacity in terms of water, land and economic self sufficiency than other coastal regions and should therefore seek to relieve pressure on other areas.

The University of Newcastle suggests targeting and planning for a considerably higher level of population growth and that this level should be determined by

would need a certain critical mass in order to be a viable proposition.

The direct link between population numbers and funding of universities along with the inability of the University to provide additional and needed facilities with the region's current population profile are both factors that point to the link between population growth and educational attainment.

Currently a student from Muswellbrook will have to travel about four hours a day to reach the Region's University, or go to the

expense and inconvenience of relocating to Newcastle where there is a chronic shortage of rental accommodation. An increased population would allow a second campus to be provided encouraging people from the Mid and Upper Hunter into tertiary education.

There is also a very real incentive for NSW to back a high growth Hunter. NSW loses significant number of young people interstate each year. In the three and a half years that followed the 2001 census NSW lost almost 100,000 people to other states⁷ Professor Graeme Hugo of the University of South Australia states that most migration is by people in their 20s and 30s and their children.

"It's when people are at the stage of starting families that they look at different locations, and housing is very much part of that decision," he says.

Sydney is losing out to internal migration, the booming cities of Brisbane and Perth are the chief beneficiaries. If NSW is to compete with other states for these young mobile individuals to whom Sydney is not attractive as a lifestyle option, then it makes perfect sense for the Hunter to seek to benefit from this rather than see people and skills lost interstate or internationally. By seeking to increase the population of the region and attracting young skilled people the Hunter will also be able to stem the loss of skilled people to other regions as the level of opportunity will increase along with critical mass in the skills base.

1.4 Ethnic Diversity

The Hunter Region is one of the least

ethnically diverse regions of Australia. Data for the Lower Hunter LGAs shows that as at the 2001 census 91% of the population spoke only English (next to 66% in Sydney), only 1.1% were non-christian and only 18% were of non Anglo ancestry (next to 43% in Sydney). This lack of diversity can be an obstacle to both economic and cultural development. In economic terms it may be difficult for Hunter companies to attract skilled staff from non Anglo backgrounds given the lack of diversity in the community. This in turn may present a disadvantage in international trade. The contribution of non Anglo Saxon cultures to the nation's culture is self evident. Clearly the only way to increase the ethnic diversity of the community is to encourage increased migration.

"It's when people are at the stage of starting families that they look at different locations, and housing is very much part of that decision..."

⁷ Why young people are leaving our big cities, Tim Colebatch, the Age August 9 2005

2. Infrastructure and Services

2.1 The status quo

The Hunter already boasts an excellent infrastructure base unrivalled by any other regional area of NSW. Unfortunately the investments of past generations have not been matched with the continued investment needed to maintain the competitive advantage to the region. Without key upgrades and expansion, the region's infrastructure risks constraining the capacity of the region for economic growth.

Strengths of the region's infrastructure include:

- An **excellent road network** runs to and throughout the Hunter Region. In addition to local and regional roads, three main highways provide the core of this network. The Sydney to Newcastle Freeway (F3) gives a driving time of less than two hours between these cities. The Pacific Highway carries vehicles between Sydney and Brisbane. The New England Highway provides access to Brisbane and to the north west of NSW.
- The **Port of Newcastle** is a major economic and trade centre for the Hunter and for northern NSW, and the largest coal export port in the world. The State Government's Port Growth Plan, released in 2003, identifies Newcastle as the State's next major container terminal development after Port Botany reaches capacity. Although Port Botany is to undergo a major extension it is likely that Newcastle will see significant container traffic in the coming decades.
- An **electrified heavy rail system** runs between Sydney and Newcastle, with a diesel powered service continuing to the North Coast and Brisbane as well as to the Northern Tablelands. These lines provide a suburban passenger and freight service in the Hunter Region, as well as linking into the long distance passenger and freight service network to the rest of Australia.
- **Newcastle Airport** has the facilities to accommodate international flights and is located at Williamstown just 25 minutes drive from central Newcastle, Port Stephens and Maitland and 45 minutes from the Vineyards. Daily flights are scheduled to Melbourne, Brisbane, Sydney, Gold Coast, Canberra and Coffs Harbour. Annual passenger movements through the airport have climbed to 750,000, an increase of 336% in two years. A recent \$8.25 million upgrade to the terminal facilities has enhanced the service offered by the airport. Newcastle Airport was voted Regional Airport of the year in 2005.
- As a major **power generator**, the Hunter has ample capacity to service even the largest electricity users by one of seven electricity retailers that can supply households and businesses. AGL Gas Networks owns and operates pipelines to Newcastle, Cessnock and Maitland. A new pipeline from Queensland to Sydney via the Hunter is currently being planned. This pipeline will bring with it access to significantly cheaper gas supplies.
- The Hunter has **plentiful high quality drinking water**.

A blueprint issued by a consortium of business groups including HEDC and the Hunter Business Chamber provides a helpful guide to the projects seen as a priority in the region. These are as follows:

Completed Prior to 2008

- *Newcastle Inner City Light Rail Plan*

Completed Prior to 2010

- *Ardglen Tunnel - Murrurrundi*
- *HMRI Land Allocation & Infrastructure Funding - John Hunter*
- *BHP Site Re-Development*
- *Glendale Interchange*
- *Weakley's Drive Upgrade*

Planning & Implementation Timeline

Completed Prior to 2010

- *International Trade Port*
- *Lower Hunter Public Transport System*
- *Newcastle Rail Freight By-Pass*
- *Newcastle Inner City By-Pass*
- *Extension of the F3 - Seahampton to Branxton*

Higher population growth levels will clearly contribute to the viability and need for many of these projects. The extent of the importance of population growth to some of these projects is discussed below.

2.2 Public Transport

Despite being the only region in NSW outside Sydney to have a suburban rail network, the Region's public transport system has long been a source of community disquiet, so much so that a variety of groups including local councils and the Business Chamber

have commissioned a range of documents recommending improvements to services and infrastructure to provide a functioning and integrated system.

A major part of the problem with public transport in the region has been low use. In a community that remains relatively easy to get around by car, public transport has been the choice of the few who do not have access to a private motor vehicle. Consequently the trend over the last 20 years has been for a steady decline in public transport usage with the number of people travelling to work by public transport falling from 7% in 1981 to 2% in 20018. This compares to a State wide figure of 9% in 2001.

In the face of these figures it is difficult to justify significant investment in public transport services. However, the service levels on most routes and modes hardly encourage changed travel behaviour. Rail services, whilst regular to Maitland run to Dungog just five times daily, to Singleton four times daily and to Scone just 3 times daily. Bus services linking major centres to Newcastle are typically hourly during the day and are patchy at off peak times and take long circuitous routes which make journey times long. The region will not improve its public transport usage performance whilst services are so irregular and take so much longer than private car travel. However, we will not be able to afford to enhance services unless more people show a willingness to use them. This is something of a vicious circle. With key regional services such as health care and the University still located at non central sites in Newcastle this transport system places

2.2 PUBLIC TRANSPORT • CONTINUED FROM PAGE 11.

a major burden of disadvantage in those without access to a private car.

Calls for action on public transport from the community have centred on demands for infrastructure investment and for integrated passenger services. The most prominent issues have been debate over the future of the heavy rail line from Hamilton to Central Newcastle and the need for investment in a new rail bus interchange at Glendale to cater for growth of population in Lake Macquarie. Numerous working groups have examined these issues, both of which come down to funding. There is little doubt that light rail into Newcastle would be a preferred solution to heavy rail allowing better connectivity across the line. The issue is one of viability and investment.

Literature on transport planning shows that there are population and passenger thresholds at which services become viable. Studies show that a bus route is viable for a strong level of service at about 1,000 passengers per day whilst for a Light Rail line to be viable requires a minimum of some 30,000 passengers a day to meet running costs⁹.

Census data tells us that only 4,087 people used public transport to get to work in the Hunter each day in 2001. It is difficult to imagine how this number of people spread across all routes and modes could make any services financially viable let alone justify spending on upgrades.

There are signs of improved public transport usage since the 2001 census. There has been a recent 30% surge of use on the Maitland to Newcastle rail line¹⁰ prompted largely by surging population growth in the

Maitland area and doubtless contributed to by rising fuel prices, congestion of the road network between Newcastle and Maitland at peak times and difficulties finding parking in Central Newcastle.

However, it is not just the modal split that is the issue. Origin and Destination data from the 2001 census tells us that 540 people travelled from Cessnock LGA to Newcastle LGA for work each day, 1,473 people from Maitland to Newcastle, 2,069 from Port Stephens to Newcastle and 7,694 from Lake Macquarie to Newcastle. Even allowing for substantial non journey to work traffic it is hard to see how even a decent regular bus service could be viable for most of these routes at current population and traffic levels. Even assuming a future modal split of 20% for public transport (the current split is just 2%) only the Lake Macquarie to Newcastle route justifies a viable and frequent bus service. None of the links between our major centres come close to justifying the introduction of rail based transit in terms of financial viability.

It is easy to conclude that without major growth of traffic along key corridors in the region there will never be the level of public transport services in the region that the population aspires to. Governments can repackage and reshuffle bus services as often as they like but without either major and sustained subsidy or large scale population growth there will not be the numbers of passengers to make regular services viable on most routes, let alone to look at investment in fixed modes such as LRT or reopening closed heavy rail lines to passenger traffic.

⁹ Ginn, S. 1998 An Overview of Light Rail Technology and its potential within an Australian environment. Prepared for the West Australian Planning Commission

¹⁰ Back on Rails - Newcastle Herald 7 July 2006

It should be noted, however, that the Newcastle Inner City Light Rail Plan listed above as a priority of the region's business groups is based on the use of existing infrastructure. Whilst it may not be strictly viable it will be provided. The opportunity to significantly upgrade infrastructure or to add to a light rail network is less likely to be forthcoming without significant additional passenger movements.

It is interesting to note that of the three cities of around a million people featured in Section 5, all have integrated public transport systems. Tyne and Wear and Calgary both have light rail systems whilst Birmingham, Alabama is in the process of introducing light rail to compliment its bus network. These cities provide a vision of the potential for public transport in a Hunter of a million people.

2.3 Multi Purpose Terminal

The Hunter Region has been eagerly awaiting the redevelopment of the former BHP site at Mayfield to a multi purpose container terminal. At present this redevelopment looks some way off due to the expansion of facilities at Port Botany. Much of this decision was the result of an express preference from the shipping industry which prefers to deliver its containers into the centre of the Sydney population.

There is little doubt that at some point in the future the site will be developed as a container terminal providing the region with additional economic impetus. However, one of the factors that is holding the region back is that it is not large enough to compromise a market in its own right. A

population of a million people in the Hunter Region would warrant a container port to serve its needs alone as well as being an access point for the Sydney market and the wider Eastern Seaboard.

2.4 Newcastle Airport

As noted above Newcastle Airport has experienced rapid growth in passenger numbers and is rapidly improving and upgrading its facilities. There is little doubt that the airport and the emerging aerospace industry precinct that surrounds the site is a stand out performer in the economy of the region. It is interesting therefore that to date the only attempts at providing international flights to the region have been abortive. The airport is currently finalising a new masterplan that will see passenger numbers double over the next 20 years and it hopes to see the reintroduction of flights to New Zealand in the next five years as the market grows. Market growth is clearly the key.

In short there is not currently the population catchment to make these services viable, though the airport is cleverly marketing to neighbouring regions to increase its population catchment. There are major economic benefits to any region boasting an international airport. A high growth Hunter would be able to sustain viable flights to increasing numbers of international destinations in the Asia Pacific region and beyond as well as increasing the frequency of existing and domestic services. This would assist to attract more skilled workers and businesses to the region by allowing ready access to interstate and international markets, would boost the tourist industry and

would provide enhanced amenity to the residents of the Hunter.

Calgary, Tyne and Wear and Birmingham all boast international airports suggesting that somewhere between the current population levels of the Hunter and a million people lies a threshold for viability of regular international flights.

2.5 Local Government rates base

Local Government in the Hunter has been struggling to provide the services the community demand within the rates they are allowed to charge. This year nearly all the Hunter Councils applied for rates increases above the rate pegging cap. Newcastle City Council considered the idea of an infrastructure levy and is now seeking cost savings from existing services of some \$4 million. Port Stephens are increasing rates by close to 10% and residents of Dungog have voiced frustration at Council being unable to increase rates to pay for much needed improvements to infrastructure.

Local Government is responsible for the provision of many of the services and much of the infrastructure that we use on a daily basis. There are two primary sources of funding for Local Government. The first, rates, relate directly to the number of people based in the LGA. The second, developer's section 94 contributions for infrastructure, relate directly to new development and population. There is no doubt that Local Government in the region struggles financially to provide all the services and infrastructure demanded by the population. Significant population growth would provide a major boost to the coffers of local government bolstering its viability and

ability to invest in infrastructure and services.

2.6 Trunk Roads

Whilst, strictly speaking, upgrades to the trunk road network are determined by inter regional rather than intra regional flows, there is little doubt that population growth in the Hunter would make the investment in road projects such as the F3 extension more viable. Put simply, as soon as a planned road has enough projected traffic the private sector will seek to build it.

Where upgrades to the trunk road network flounder for political reasons the power and influence of the electorate becomes a factor in their provision. Section 4 deals with political representation and shows that a Hunter of a million people would carry considerably more weight in State and Federal Parliament than it is currently able to.

2.7 Telecommunications links

Whilst the Hunter is fairly well served with telecommunications, as technologies move on there will always be demand for upgrades to allow industry to maintain a competitive edge. The Broadband Advisory Group's report to the Australian Federal Government noted that:

“The next steps towards broadband access are critical for Australia's future productivity”¹¹

The same will be true for future generations of bandwidth. It is almost always the case with the roll out of new technologies that the larger markets are serviced first. A Hunter of a million people will provide a considerably larger market than the region currently does.

¹¹ Australia's Broadband Connectivity, The Broadband Advisory Group's Report to Government 2003

3. Lifestyle

The lifestyle on offer in the Hunter Region is simply world class. The natural beauty of the region, the availability and accessibility of open spaces and great beaches, the climate and the cultural attractions, particularly of the vineyards all make the Hunter a wonderful place to live and to visit. The importance of the quality of life that this region offers to residents should not be underestimated. It offers perhaps our most powerful tool of all in attracting skilled workers and businesses to the region and it is something that current residents guard fiercely.

It is perhaps because people value the attributes and lifestyle on offer in the Hunter so highly that there is, at times, a reluctance to fully embrace economic and demographic growth. It is not unusual to

the majority of the population is located in 4,285 square km. If the Hunter grew to a million people and the vast majority of these people were concentrated in the five Lower Hunter LGAs, as would seem likely to occur, then with 800,000 people concentrated in these LGAs the density of this area would be 185 people per square km compared with 140 people per sq km under the Draft Lower Hunter Regional Strategy growth scenario.

The population density of the entire Hunter Region would still only be 32 people per sq km. By way of comparison Sydney's population density is 236 people per square km, the UK is 248 people per square km, Hong Kong has 6,800 people per square km and Switzerland has 184 people per square km. So with a population of a million people largely concentrated in the Lower Hunter

“Its great here but don't tell anyone from Sydney...”

hear 'its great here but don't tell anyone from Sydney' revealing an underlying fear that growth will bring all the negative things that we associate with Sydney: crowds, congestion, crime and cost.

So can the Hunter grow to a city of a million people and maintain those lifestyle attributes that we value now? This is a difficult thing to assess objectively but could be achieved with careful planning and investment as the region grows.

The Hunter has an area of 31,009 square km whilst the area of the Lower Hunter where

the Lower Hunter would have a population density equivalent to that of Switzerland, not a nation known for over crowding but most certainly a place renowned for quality of life and excellent public transport.

This analysis is not meant to convince anybody that by targeting a population of a million people we would suddenly gain all the services and affluence of Switzerland but, it does show that the population level would be conducive to enhanced services and need not ruin the natural beauty of the region and that the region would remain considerably less crowded than Sydney.

There are also a number of areas of cultural and recreational lifestyle factors that have the potential to be considerably enhanced with population growth. The region lacks a major and international quality sporting stadium, there is no permanently based professional theatre company in the Hunter, there is a dearth of regional sporting facilities and the region lacks top class and competitive convention facilities.

Comparisons with international centres show that in cities of a million people there are typically at least two major stadiums, there tend to be resident theatre groups and often orchestras and operatic companies. Tyne and Wear boasts two major Premiership soccer sides (Newcastle and Sunderland). It can be predicted with some confidence that a Hunter of a million people will have access to significantly enhanced sporting and cultural facilities.

“It can be predicted with some confidence that a Hunter of a million people will have access to significantly enhanced sporting and cultural facilities...”

4. Political representation.

The 600,000 people of the Hunter Region are represented in State Parliament by 10 MPs and in Federal Parliament by 5 MPs.

Electoral boundaries are loosely based on population. If the Hunter were to out pace growth elsewhere in Australia to reach a million people in the time it takes NSW to grow to 7 million people then it is likely that representation to State Parliament would

grow by 6 MPs. Representation to Federal Parliament would be likely to grow by two to three MPs.

This increased representation would be likely to begin to increase the political influence of the region making the fate of the Hunter more important in the politics of the State and Nation.

5. International comparisons

Probably the best way to give support to the assertion that a city and region of a million people could expect improved employment opportunities, infrastructure and services is to look at international comparisons.

Three have been chosen here for parallels with the economic and cultural background of the Hunter.

A. Calgary, Canada

Calgary is situated in the Rocky Mountains and has a population in its greater metropolitan area of 1,060,300. Traditionally its economy relied on the petroleum industry, agriculture and tourism. However in recent years there has been rapid growth

B. Birmingham, Alabama, USA

Birmingham has a population of 1,170,012 in its metropolitan area and a population of 231,483 in the city itself. It is an important business and banking centre that is now home to 3 Fortune 500 companies. The City evolved as the industrial centre of the Southern States and was known as 'the Pittsburgh of the South' due to its iron and steel industries.

As traditional industry declined the economy diversified into medical research, banking, IT and publishing. It has recently been named as one of the most liveable cities in the USA.¹²

“The City is served by an international airport with flights to destinations as far flung as Europe and Asia...”

of high tech industry to compliment these traditional strengths.

The City is served by an international airport with flights to destinations as far flung as Europe and Asia. It has 160 bus routes, a 42 km light rail system based on 3 lines and has 600km of interconnecting cycle paths.

The City has 3 major hospitals, 2 major sporting stadiums and is the home of 2 Universities and four tertiary colleges. Calgary is also home to the Alberta Ballet, the Calgary Opera, the Calgary Philharmonic Orchestra and hosts a number of resident theatre companies as well as an annual international film festival.

Birmingham is the home of Samford University, The University of Alabama, Faulkner University, Andrew Jackson University and 7 other tertiary colleges along with two law schools.

The city is served by an international airport with over 160 flights offered daily. It has a comprehensive bus system and plans are in place to introduce a light rail network as part of an urban renewal program for the town centre.

The city also boasts a major convention centre, numerous theatres, museums and festivals and 3 major sporting venues.

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¹²<http://www.mostlivable.org/>

“The region is also home to major galleries, an arts and music precinct, 4 theatres, an opera house and a number of multi purpose venues...”

C. Tyne and Wear, UK

Tyne and Wear is a metropolitan area based around the centres of Newcastle on Tyne and Sunderland. The region has a total population of 1,085,700 people. The region was traditionally a heavy industrial, mining and ship building centre that has since diversified and rejuvenated itself into one of the main cultural and economic centres of the UK.

Tyne and Wear has at least four major public hospitals three of which are major teaching hospitals. The region is served by an international airport offering some 80 world wide destinations. There is a heavy

rail connection to major centres as well as the Tyne and Wear Metro light rail system which links Newcastle with Sunderland, and the Airport on two lines and is integrated with local bus services all controlled by a regional passenger transport authority.

The region is also home to major galleries, an arts and music precinct, 4 theatres, an opera house and a number of multi purpose venues.

There are two major sporting stadiums hosting a championship and premierships soccer teams as well as a top class rugby union side.

6. Conclusions

There is as little doubt that the debate on population growth in the Hunter Region will continue. But if the region is to expand and achieve a viable critical population base, then the key business groups and the state and federal governments should be actively encouraged to target the Hunter.

.The opportunity exists to embrace this growth, to plan for it and to target key skills

The population debate should move on from the current forecasting debate to a discussion of the region we would like to live in. We need to be realistic. When groups call for constrained population growth and the reopening of rail lines or provision of additional services they do the public a disservice. The two do not and will not go together without a radical change in the way our economy and society works

“If we want a future that provides all the opportunities on offer in education, employment and the arts, and that does so in a sustainable manner, then we must take control of our own destiny, and create a region that will attract new industry, employment and residents...”

and population groups to bring growth forward and to allow the region to enjoy increased prosperity and enhanced lifestyle as a result.

This will allow the Hunter Region to take charge of its own destiny. To end the decades long waits for infrastructure investments and to become the region that demands and gets investment because it is the logical place for capital from both the private and public sectors to gain a real return.

From education to roads to theatre companies, our lack of population is the single factor that constrains the viability of our region and its services and infrastructure.

and orders its preferences. It is grossly irresponsible and misleading to push a view based on a premise that ‘Government’ is the source of a bottomless pit of money and that others will pay for all our wishes.

The days of the cargo cult, when we look to the skies for the gods of government to deliver community benefits from on high are gone. If we want a future that provides all the opportunities on offer in education, employment and the arts, and that does so in a sustainable manner, then we must take control of our own destiny, and create a region that will attract new industry, employment and residents. There is no time better to begin this process than now.



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