

LAKE
MACQUARIE
CITY

DELIVERING THE NEW ECONOMY

A local government response
to structural change



**INSTITUTE FOR
REGIONAL FUTURES**

The march to Net Zero is changing local economies across Australia, particularly in cities, towns and regions that have traditionally relied on carbon-intensive industries for employment and prosperity.

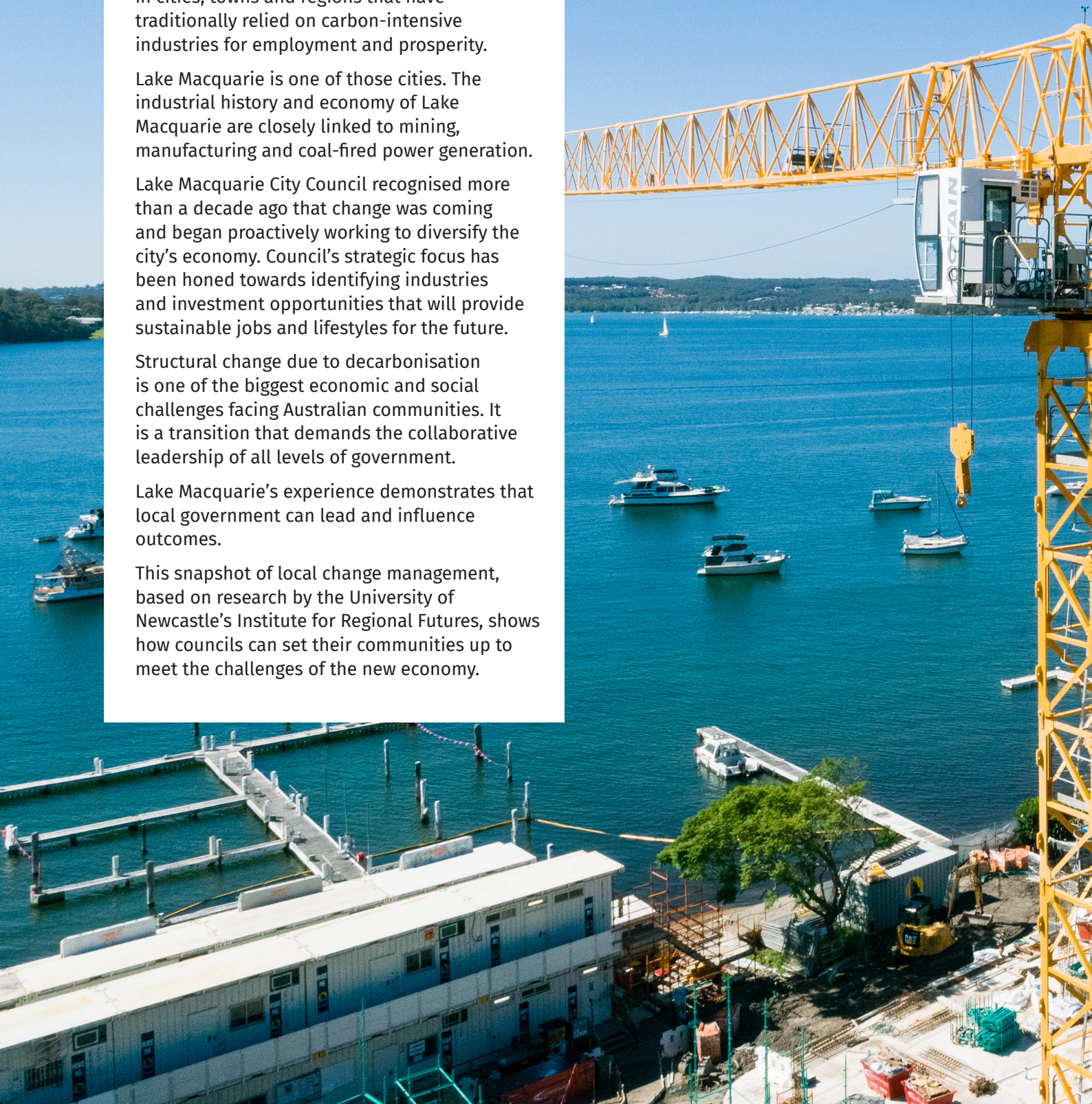
Lake Macquarie is one of those cities. The industrial history and economy of Lake Macquarie are closely linked to mining, manufacturing and coal-fired power generation.

Lake Macquarie City Council recognised more than a decade ago that change was coming and began proactively working to diversify the city's economy. Council's strategic focus has been honed towards identifying industries and investment opportunities that will provide sustainable jobs and lifestyles for the future.

Structural change due to decarbonisation is one of the biggest economic and social challenges facing Australian communities. It is a transition that demands the collaborative leadership of all levels of government.

Lake Macquarie's experience demonstrates that local government can lead and influence outcomes.

This snapshot of local change management, based on research by the University of Newcastle's Institute for Regional Futures, shows how councils can set their communities up to meet the challenges of the new economy.





About Lake Macquarie

Lake Macquarie is a city that offers that rare and enviable combination of lifestyle and opportunity.

Lake Macquarie is the second largest regional city in NSW. Its population, high economic output and proximity to Sydney make it one of the state's most significant regional cities.

It generates about 20 per cent of the Hunter region's economic output and is home to Eraring, Australia's largest power station, which is scheduled for closure in 2027.

But it is also a uniquely beautiful and liveable city, with affordable housing and unparalleled natural assets.



220,000
population



\$26.5b
economic output



102,029
workforce



73,233
jobs



14,081
businesses



1.3 million
tourists per year



\$1 billion+
in Development
Applications

Executive summary

Lake Macquarie City Council has been proactively working to diversify the city's economy for more than a decade, recognising that a global shift away from carbon-intensive industries will force significant structural adjustment within the local workforce and economy.

Historically dominant manufacturing and coal mining sectors contracted from 37 per cent of local output in 2011 to 23 per cent in 2022. Remarkably, however, the local economy has continued to prosper, adding 22,000 jobs, with in-migration driving rapid population expansion and economic output increasing by 7 per cent annually between 2013 and 2023.

Usually, economies plateau at best during periods of rapid transition, or more often decline, but Lake Macquarie has bucked this trend.

The University of Newcastle's Institute for Regional Futures was commissioned to analyse economic changes over the past decade, evaluate Council's role in leading efforts to adjust to these changes, and assess what future changes could and should lay in store.

This research drew several conclusions on recent change, one being that industries that have filled the gap in jobs and output are driven by high rates of population growth, chiefly construction and the expansion of the care economy. Secondly, many key indicators are exhibiting increasingly positive trends. These include the attraction of younger workers, the realisation of aspirations to establish a visitor economy based on the city's natural assets, more jobs for locals, and a slowing rate of contraction in manufacturing.

Council has been a key driver of these outcomes. Recognising the need for a demographic shift in the city's population profile, Council devised a marketing strategy designed to lure capital-city millennials looking to relocate, build a business or enter the property market. Multiple 'Make your move' campaigns targeted 25-35-year-olds in Sydney's west, highlighting the city's affordable, stress-free lifestyle and natural assets.

As Lake Mac's profile has grown so too has private investment. More than \$1.3 billion in development applications is processed annually with many city-shaping projects approved or in the pipeline including the \$235 million 30,000-person Cedar Mill event space, \$750 million Trinity Point resort, \$120 million Lake Macquarie Private Hospital, and \$85 million BlackRock Motor Resort.

Through innovative partnerships with external thought-leaders and novel approaches to economic challenges, Council is ensuring the city continues to thrive well into the future while tackling the challenges of a rapidly diversifying economy.





The Eraring effect

Eraring Power Station is Australia's largest power station and a major employer in Lake Macquarie.

While coal-fired power generation generates a much smaller share of local output than either mining or manufacturing (\$287 million, or one per cent of local output in 2022), it has been a largely stable industry supporting high-income jobs and local supply chains over the past 70 years.

This stability will change with the pending closure of Eraring Power Station in 2025, particularly with the ripple effect on mines, contract services and small businesses that

supply the power station and support its workforce.

As one indicator of the flow-on impacts, the city's two operational mines rely significantly on Eraring. Myuna Colliery, with 250 employees, supplies Eraring exclusively, while Mandalong Colliery, with 600 workers, is a major supplier to the power station.

The Institute of Regional Futures estimates that the closure could result in a five per cent reduction in local economic output - without accounting for supply chain multiplier effects.

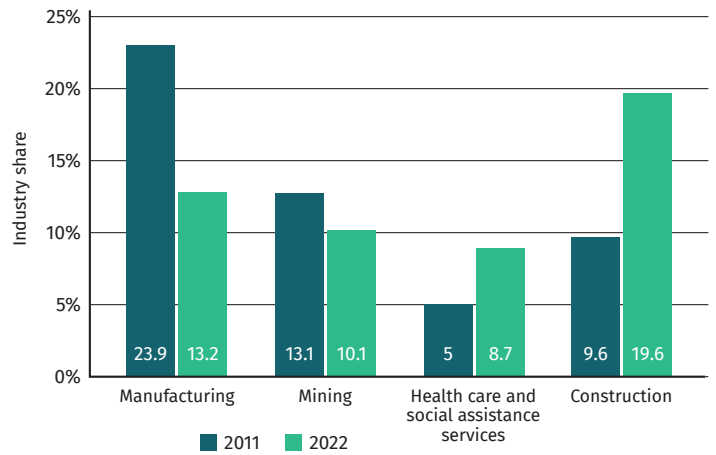
How Lake Macquarie is changing

WE ARE BECOMING MORE ECONOMICALLY DIVERSE

Structural change is under way in Lake Macquarie. Historically dominant manufacturing and coal mining sectors contracted from 37 per cent of local economic output in 2011 to 23 per cent in 2022. Construction and health and social services have increased, as the city has begun to shift from a 'goods producing economy' to a 'services economy'

Notably, the local economy has continued to prosper, adding 22,000 jobs, with in-migration driving rapid population expansion and gross regional product growing at 2.3 per cent annually.

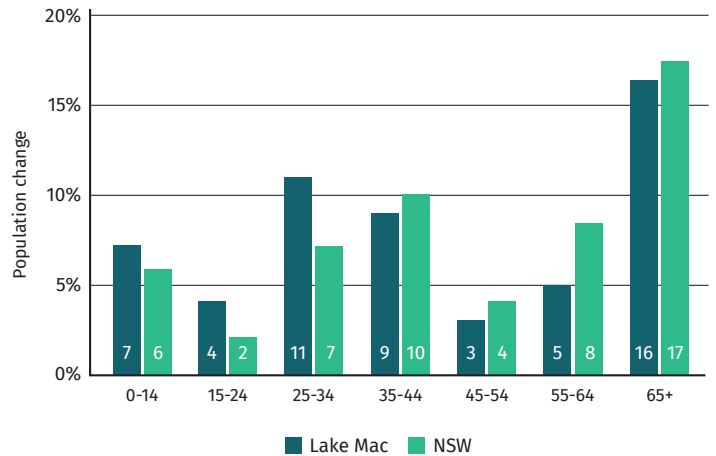
INDUSTRY SHARE OF TOTAL ECONOMIC OUTPUT
LAKE MACQUARIE 2011-22



WE ARE GETTING YOUNGER

Lake Macquarie's population has traditionally been weighted to older age groups, however recent trends have shown an improvement in the attraction and retention of working-age residents, with growth in the 25-34 age group in Lake Macquarie over 2016-2021 outstripping the statewide rate.

POPULATION CHANGE BY AGE, LAKEMAC VS NSW
2016-2021

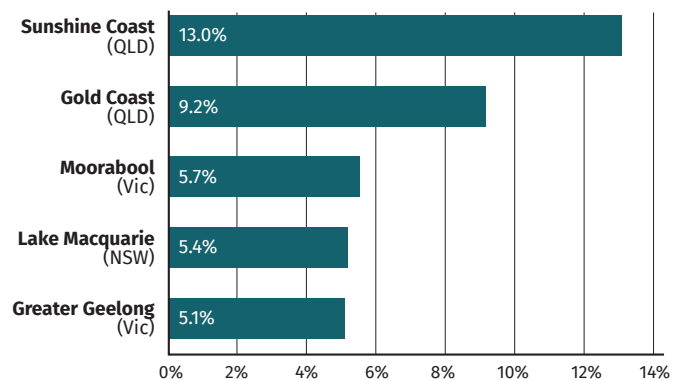


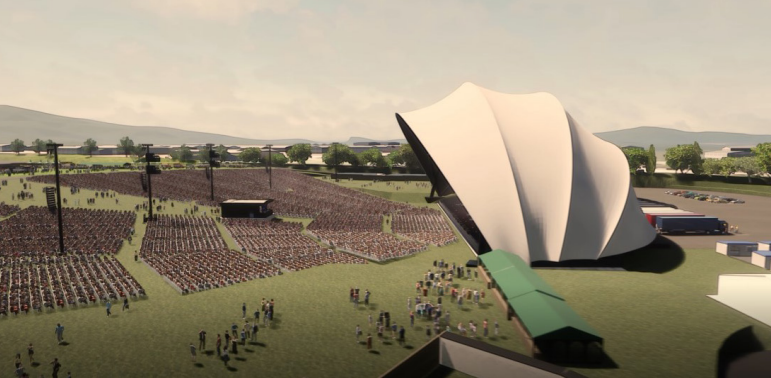
WE ARE GETTING BIGGER

The growth in younger age groups has accompanied significant local population growth. Between 2016 and 2021, Lake Macquarie was one of the fastest-growing council areas in NSW, adding 11,600 residents – more than any other regional LGA.

Since 2021, Lake Macquarie has been the top NSW destination of choice for people moving out of capital cities to regional areas, and one of the top five in Australia. The Regional Movers Index, a quarterly review published by the Regional Institute of Australia, ranks LGAs according to their share of net capital-to-regional migration.

TOP FIVE LGAS BY SHARE OF NET CAPITAL-REGIONAL MIGRATION
12 MONTHS TO SEPTEMBER QUARTER 2023





WE ARE ATTRACTING MAJOR INVESTMENT

Lake Macquarie is undergoing a significant period of growth and investment. More than \$1.3 billion in development applications is processed annually with many city-shaping projects approved or in the pipeline.

Cedar Mill 30,000-person event venue - \$235 million - under construction

BlackRock Motorsport Park - \$95 million - DA-approved

Trinity Point resort - \$750 million - approved as State Significant Development

Lake Macquarie Private Hospital - \$120 million - State Significant Development proposal

CASE STUDY

Selling a better work-life balance.

Recognising the need for a demographic shift in the city's population profile, Lake Macquarie City Council devised a marketing strategy designed to lure capital-city millennials looking to relocate, build a business or enter the property market.

Multiple 'Make your move' campaigns targeted 25- to 35-year-olds in Sydney's west, spruiking the city's affordable, stress-free lifestyle and natural assets.

Ads rolled out on Google, YouTube, Facebook and in print magazines, reaching 11 million people and generating significant traffic to the Lake Mac website.

What's made the difference?

Lake Macquarie City Council has facilitated economic and social change in its community over the past decade through innovative responses to the challenges posed by structural adjustment and an ageing population.

The Institute of Regional Futures found the following responses, undertaken over the past decade, to demonstrate 'a clear understanding of both local conditions and best practice approaches to local economic development'.



Created an independent economic agency to drive strategy and engage directly with investors

Dantia is an independent economic development agency modelled on leading international examples. Its 'arms length' governance framework allows it to engage more directly with the private and public sectors to encourage investment and enhance job creation.



Explicitly incorporated economic development and transition priorities across core functions

Council's key strategic planning documents have a strong focus on targeted growth of the economy and population, balanced by sustainability and liveability priorities.

- Shaping the Future Local Strategic Planning Statement
- Destination Management Plan
- Lake Macquarie Housing Strategy
- Lake Macquarie City Economic Development Strategy 2022-2032 (Dantia)



Changed development assessment approach to send positive market signals regarding the local investment climate

Council has developed a strong reputation for investment facilitation through its planning approval and assessment processes. This has manifested through initiatives such as improved DA approval times (reduced from median 27 to 17 days), pre-lodgement meetings for major projects, concierge services through Dantia and a problem-solving approach.



Adopted a long-term urban agglomeration focused land use planning and economic strategy

One of the key principles of the Lake Mac Local Strategic Planning statement is to concentrate development and economic and social activity in and around our economic and town centres, with homes, people, jobs, shops, services, activities, transport and recreation all focused in one location.



Leveraged natural and liveability assets to attract visitors and younger workers and families

Lake Macquarie has leveraged its natural assets and invested in social infrastructure to create a strong lifestyle proposition. Targeted marketing, promoting the promise of a better work-life balance, has been used to attract the high-skill workers essential to developing a more diverse economy. As a result, the population dial is shifting, with more new residents in the 25-34 years age group choosing to make Lake Mac their new home.



Prioritised reuse of brownfield and now post mining lands to drive residential and business activity

The city's North West Growth Area and Cockle Creek West Precinct, encompassing lands used formerly for mining and lead smelting, have been earmarked as a future regional hub for housing, jobs and investment, while a former mine site in western Lake Macquarie has been approved for a major international tourism development, the BlackRock Motor Park.

What lies ahead

The two key influences on Lake Macquarie’s economy over the coming decade will be the contraction in mining and energy industries – potentially allied with an ongoing decline in significance of the manufacturing sector - and the pace and demographic composition of population growth.

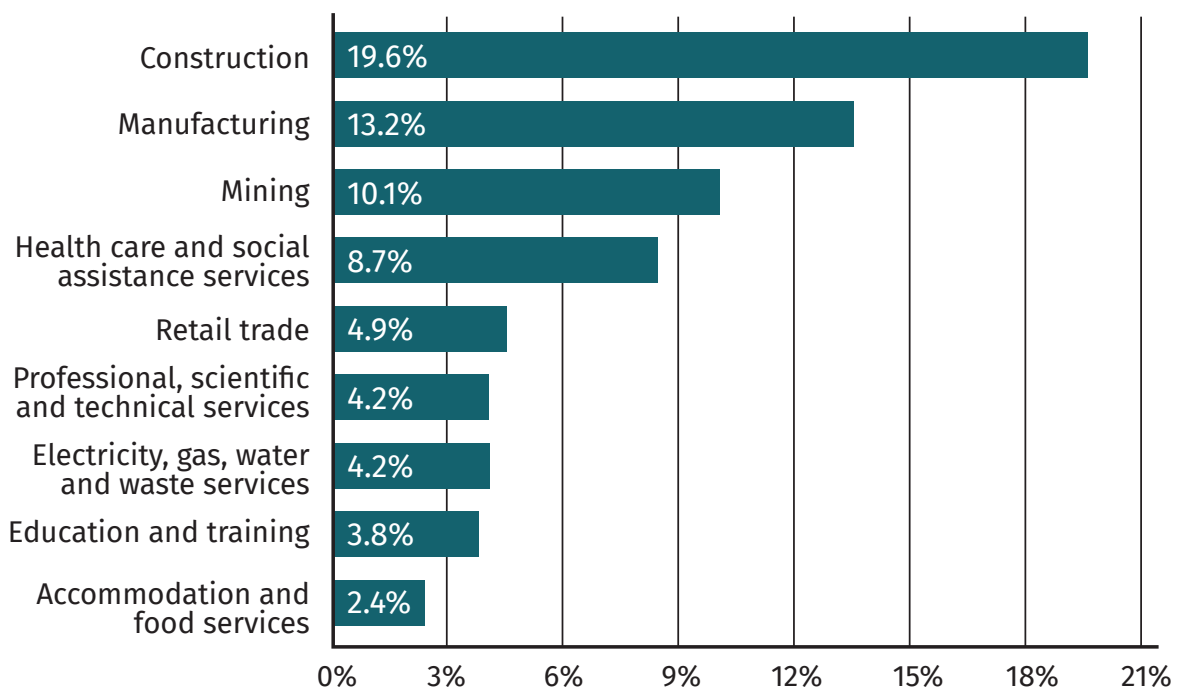
In terms of the share of local economic output, manufacturing HAS declined from one quarter to one eighth of the Lake Macquarie economy over the past decade and its share of employment fell from 10 to five per cent of local jobs. However, it was still the second largest sectoral contributor in 2022. Mining declined from 13 per cent to 10 per cent of the economy, slipping from the second to third largest industry by output.

By comparison, construction rose from 10 per cent to 20 per cent of local output, becoming the largest sector. Health care and social assistance showed the second largest increase, from five per cent to nine per cent. An important reflection is that these substitute drivers of growth were directly linked to population increase, as opposed to external sources of demand for goods and services.

Knowledge sector jobs comprise only five per cent of the Lake Macquarie economy, with no change since 2011, and retail, previously the city’s highest employer, has slipped to second.

“The tourism sector is emerging as a highly significant contributor to the local economy. ‘Game changing’ major investments ... have the potential to realise long held aspirations for a large tourism industry in Lake Macquarie.”

2022 SHARE OF OUTPUT - TOP TEN INDUSTRY SECTORS LAKE MACQUARIE



KEY CHALLENGES FOR THE NEW ECONOMY



Arrest the decline in manufacturing



Balance dependence on population-driven sectors (construction and service) with growth in other sustainable industries



Maintain productivity levels as the economy diversifies



Replace high-income jobs in mining and power generation



Attract retail investment to support sector jobs

KEY OPPORTUNITIES



Grow tourism to attract new, high-yielding markets



Increase knowledge-sector jobs



Continue to attract younger, high-skilled workers



Harness the strong skills base to create new manufacturing markets



Grow the city's strategically-sited growth precincts



Convert former industrial lands for adaptive reuse to attract investment

CASE STUDY



Promoting new jobs on old mine sites

Lake Macquarie City Council has been at the forefront of advocacy to government on the need to simplify the process for adaptive reuse of mining lands, to provide opportunities for new employment-generating development that will support transitioning economies.

The Council supported the proponent of the proposed \$95 million Black Rock Motor Resort to work through the long and complex process of having a mining lease relinquished so that the world-class motorsport recreation resort can be built on the site of a former coal mine in the city's west.

The process to have the lease relinquished, and the site approved for adaptive reuse, was finally resolved after seven years, with many barriers overcome.

Council has stepped up its advocacy on this issue, calling on the State Government to streamline the pathway for adaptive reuse of mining-related sites, so that new opportunities can be pursued for these lands.

Future focus areas

RECOMMENDATIONS BY THE INSTITUTE OF REGIONAL FUTURES

Land use planning

1. NSW Government to investigate legislative and/or procedural change to facilitate adaptive reuse of former mining and industrial lands.
2. Allocation of clear and permanent responsibility and funding to a State Government body to facilitate adaptive post-mining land uses.
3. Maintain positive local investment climate through ‘problem solving’ approach to development approvals, including ongoing State Government collaboration and incentives.
4. Continue and expand use of Council land assets and strategic development of privately held land to meet specific economic development strategies.

Precincts & infrastructure

5. Prioritise the Cockle Creek West expansion of the North West Catalyst Area as one of NSW’s most significant urban and employment land brownfield redevelopment precincts.
6. NSW and Australian Government support for and investment in road, community and other infrastructure to maximise tourism, logistics, and residential development in the Morisset Regionally Significant Growth Area.
7. Upgrade digital infrastructure in Western Lake Macquarie to ensure continuous mobile connectivity for Newcastle to Sydney rail line.

Education & skills

8. Prioritise acceleration in the rate of post school qualification attainment in the working age population –particularly tertiary education rates.

Tourism, culture & amenity

9. State and federal program and infrastructure investment to support the growth of Lake Macquarie as a tourism, arts and culture destination.
10. Continue to develop and market Lake Macquarie’s lifestyle, culture and environment proposition to attract younger and high skilled workers.

Manufacturing & knowledge sectors

11. Reprioritise the retention and stabilisation of the local manufacturing sector at its current size, including local utilisation of Australian Government programs.
12. Investigate the development of suitably located commercial office spaces to house professional services businesses, to leverage the increase in resident knowledge workers.

Maintain proactive economic development activities

13. Maintain investment in cutting-edge local economic development in Lake Macquarie, including leveraging opportunities for NSW and Australian Government support as a live example of effective management of regional structural change and transformation.
14. Continue to prioritise intra-regional collaboration on economic development, infrastructure and land use planning activities.



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