

29 November 2019



Mr Peter Achterstraat AM
Commissioner for Productivity
productivityfeedback@treasury.nsw.gov.au

Dear Commissioner

Subject: Submission - Kickstarting the productivity conversation

Thank you for the opportunity to make a submission to the *Kickstarting the productivity conversation* Discussion Paper. Staff from Lake Macquarie City have developed the attached submission for your consideration.

Lake Macquarie City is a growing, thriving regional City of 205,000 people with a great lifestyle and an exciting future. We are 90 minutes' drive north of Sydney's CBD, easily accessible via rail (passenger and freight), and have direct access to the international gateways of the Newcastle Airport and the Port of Newcastle.

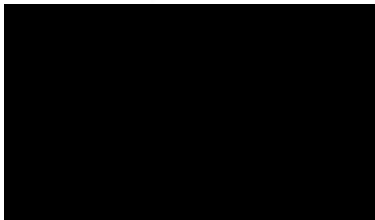
In 2018-19, the City's economic output was \$19.9 billion, which was an increase of \$2.8 billion (or 12.5 per cent) on the preceding five years (2013-2018). Importantly, the industries contributing to this output have changed quite significantly in such a relatively short period. In 2013, mining and manufacturing made up approximately 37 per cent of the City's total output. In 2017, those same two industries dropped to just 20.3 per cent. Over the same period, however, the City had strong growth in key industries such as health care, social assistance, finance and construction. Construction alone rose from 9.6 per cent to 17.8 per cent.

The changes to mining and manufacturing in our City is affecting our economic base, and if we don't support the diversification of our economy, we risk impacting our communities and the future prospects of being able to live and work within our progressive City.

Council is working towards Lake Macquarie City being one of Australia's top 10 most liveable cities by 2030. Dantia's *Economic Development Strategy 2018-2038*, provided as an attachment to this submission, outlines how they are aiming to support Council's goals.

Should you require further information, please feel free to contact me on [REDACTED]

Yours sincerely,



Lake Macquarie City Council Staff submission – Kickstarting the Productivity Conversation Discussion Paper

Issue	Discussion questions	Comment
<p>Expanding the role of water recycling and greater efficiency</p> <ul style="list-style-type: none"> Water recycling and greater water-use efficiency can play a significant role in achieving sustainable growth, alongside traditional measures to increase supply. Metropolitan New South Wales uses more water per person than metropolitan areas of Queensland and Victoria, benchmarking data indicates. 	<ul style="list-style-type: none"> What are the barriers to New South Wales achieving larger scale and cost-effective water recycling? How can the NSW Government encourage households and businesses to be more water efficient, particularly in metropolitan New South Wales? 	<ul style="list-style-type: none"> Investment in education campaigns is needed to help residents, businesses and industry better understand the benefits and opportunities associated with recycled water. Improved integration between water authorities and NSW Health could assist with the provision of guidance on water quality targets. Consideration could be given to funding water authorities to retrofit existing infrastructure to allow for water recycling and re-use. Allow grey water capture at the household level and consider incentivising households and commercial premises (including industrial) to use grey water where appropriate.
<p>Improving asset utilisation and demand management</p> <ul style="list-style-type: none"> Electricity prices have risen over the past decade due to a combination of significant network investment, rising demand, commodity prices, and the closure of coal generators. State-based policies are putting downward pressure on electricity prices but there is scope for further initiatives to improve efficiency. 	<ul style="list-style-type: none"> Are there further steps we can take to achieve greater efficiency in network businesses and environmental programs in New South Wales? How could electricity demand management be further improved in New South Wales? 	<ul style="list-style-type: none"> Encourage transmission network operators to work collaboratively to maximise the use of networks, including renewables and storage. Fund the trial of within distribution grid storage to facilitate electric vehicles. Accelerate the delivery of the NSW Gas Plan to increase supply of gas as a base-load fuel source. Consider the development of a pumped-hydro master plan – a plan that, using constraints mapping, identifies suitable sites for the market to consider for the construction of pumped-hydro facilities across NSW. Remove barriers to energy companies selling coal-ash as an ingredient in roads and other construction products. This will reduce capital cost at coal-fired

Lake Macquarie City Council Staff submission – Kickstarting the Productivity Conversation Discussion Paper

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<p>Lowering prices through investment certainty</p> <ul style="list-style-type: none"> Policy uncertainty about greenhouse gas reduction is limiting investment across the National Electricity Market and putting upward pressure on prices. 	<ul style="list-style-type: none"> How can New South Wales work to reduce uncertainty in electricity generation and emission reduction requirements to improve the investment outlook? 	<p>power stations and extend the life of the power station by further reducing capital burden (which is reflected in retail pricing).</p> <p>See above, and:</p> <ul style="list-style-type: none"> Work with COAG to deliver a clear national energy policy. Support regions that are historically dependent on coal to transition to different energy sources and employment bases.
<p>Efficiently determining electricity reliability standards</p> <ul style="list-style-type: none"> Reliability is important, but it is critical to avoid ad hoc policymaking and inefficient expenditure. Cost-effective solutions and consumer willingness to pay for reliability provide guidance for evaluation. 	<ul style="list-style-type: none"> What is the best framework for future evaluations of generation and network reliability? What additional measures, if any, can we take to cost-effectively improve reliability? 	<ul style="list-style-type: none"> Undertake a comprehensive, market-based assessment to determine the network investments required to facilitate private investors increasing investment in renewables, alternate energy sources and storage. Consider the use of High Efficiency Low Emission coal-fired power stations (or conversions of existing assets) on the basis that their use is offset with carbon capture (e.g. seaweed farms, tree planting, etc.). Encourage the planting of trees to beautify cities and to capture carbon.
<p>Ensuring secure and reliable supplies of gas</p> <ul style="list-style-type: none"> New South Wales has significant reserves of gas but a relatively low share of production in Australia. Gas-fired electricity generation will likely be needed to supplement intermittent energy sources, particularly to meet 	<ul style="list-style-type: none"> What initiatives could we consider to remove barriers to gas exploration and production? 	<ul style="list-style-type: none"> Consider and encourage the sector to invest in small-scale plants (1-10sqm footprints), which localise power production at the source of consumption, removing transmission charges and reducing costs to industry. Remove unnecessary constraints surrounding the licencing of energy generation and supply to allow the

Lake Macquarie City Council Staff submission – Kickstarting the Productivity Conversation Discussion Paper

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demand in critical peak periods.		<p>market to deliver security of supply.</p> <ul style="list-style-type: none"> Accelerate the delivery of the NSW Gas Plan, including geological surveys to identify gas reserves that could support gas extraction. Should significant investment (public or private) occur in offshore gas exploration, invest in NSW's regional workforce to be educated in marine and coastal engineering.
Maximising value from investments		
<ul style="list-style-type: none"> Continued improvements to project selection and sequencing are critical to maximise the productivity benefits of infrastructure. 	<ul style="list-style-type: none"> How can we further strengthen the governance and transparency of infrastructure investment? What types of targeted service improvements and demand management solutions could be considered to maximise value from our infrastructure? 	<ul style="list-style-type: none"> Local Government in NSW spends \$11 billion each year, maintaining and upgrading infrastructure and land assets worth \$136 billion¹. A proportion of a typical council delivery program is grant funded, however timing of grant opportunities is often uncertain. Despite the capability of Local Government to deliver capital projects, uncertainty around funding availability and the timing of announcements can interfere with delivery. A commitment to more certain funding determination regimes would aid in the efficient delivery of Local Government infrastructure works programs. NSW Government agencies also have responsibilities in the approval pathways for some infrastructure projects. There are typically statutory limits on the time available to determine applications. Some agencies experience difficulties adhering to statutory timeframes, which can affect both Council projects and activities as well as private investment activities.
<ul style="list-style-type: none"> Coordination challenges mean infrastructure delivery may not keep up 	<ul style="list-style-type: none"> How can we improve strategic land use planning and coordination with major 	<ul style="list-style-type: none"> The NSW Government's business case process for infrastructure projects appears to be a sound method

¹ Local Government NSW, 2018-19 Budget Submission of NSW local Government Priorities

Lake Macquarie City Council Staff submission – Kickstarting the Productivity Conversation Discussion Paper

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<p>with growing communities. Well-coordinated investments can deliver benefits that exceed the sum of their parts.</p>	<p>infrastructure delivery?</p>	<p>to capture the costs and benefits of potential capital investments. However, the process can lack transparency and in particular does not appropriately weight the opportunities or lost opportunities in Regional NSW.</p> <ul style="list-style-type: none"> From an industry perspective, when the development industry builds infrastructure they are building capacity for the future. Consideration could be given to incentivising the development industry (e.g. tax rebates based on depreciation scales) to encourage them to deliver infrastructure earlier and at aspirational standards (future-proofing capability) desired by governments.
<p>Getting the most out of existing assets</p>		
<ul style="list-style-type: none"> Congestion costs in Sydney were estimated by the Bureau of Infrastructure, Transport and Regional Economics (2015) at \$6.1 billion, rising to \$12.6 billion by 2030. Building new roads alone will not solve congestion. Better use of roads and managing peak demand can also reduce congestion costs. 	<ul style="list-style-type: none"> What further options should the NSW Government consider to alleviate congestion? 	<ul style="list-style-type: none"> Consideration could be given to incentivising people and families to move to the Illawarra and Hunter regions. Deliver faster rail and very fast rail. Support the decentralisation of the public sector (NSW and Australian) to regional areas.
<ul style="list-style-type: none"> Service crowding on the rail network in peak times can reduce reliability and crowding is projected to increase over time. This drives the need for more costly investments. 	<ul style="list-style-type: none"> What measures could we explore to reduce pressure on rail infrastructure during peak periods? 	<ul style="list-style-type: none"> Support decentralisation of services to reduce the volume of people travelling to Sydney. Invest in digital connectivity to enable employers to offer more flexible employment options.
<ul style="list-style-type: none"> Smart infrastructure offers opportunities to leverage data to improve efficiency, ensuring best use of existing assets. 	<ul style="list-style-type: none"> How could agencies use data and 'smart' infrastructure to improve asset management? 	<ul style="list-style-type: none"> Governments need to invest in data-driven decision-making to help plan, prioritise and schedule maintenance and replacement of assets. NSW Government investment in data sharing and standardisation could support a more consistent approach to service delivery and project planning

Lake Macquarie City Council Staff submission – Kickstarting the Productivity Conversation Discussion Paper

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<p>Exploring innovative service delivery models</p> <ul style="list-style-type: none"> Infrastructure benefits are directly linked to service delivery. There are a range of innovative, customer-focussed service delivery models already in place in New South Wales in areas such as public transport, health and social housing. 	<ul style="list-style-type: none"> How can existing innovative service delivery models be further leveraged to improve productivity and customer outcomes? What other innovative service delivery models should the NSW Government consider to improve productivity and customer outcomes? 	<p>across the State.</p> <ul style="list-style-type: none"> The NSW Government could consider how it could incentivise community-led service delivery (i.e. volunteers and special-purpose entities) through improved weighting when assessing business cases and grant applications. The NSW Government could also deliver a model governance framework for community-led service delivery to ensure risks are managed appropriately and consistently across the State.
<p>Enabling Councils to deliver better services</p> <ul style="list-style-type: none"> The role of local government is changing with widening community expectations for service provision. Council rates are among the State's most efficient revenue sources but the rate pegging system restricts the ability of councils to respond to community expectations. There is scope for more transparent monitoring of council productivity and to make this information available to the residents they serve. 	<ul style="list-style-type: none"> Should performance monitoring and benchmarking be adopted for local governments in New South Wales? Would regular community satisfaction surveys help make councils more responsive to their residents? How could councils improve their funding arrangements to provide greater flexibility in meeting their residents' service needs? 	<ul style="list-style-type: none"> Lake Macquarie City Council supports monitoring and benchmarking as a guide. Councils vary considerably in size, location, demography and the services they provide and this makes it difficult to directly compare and draw solid conclusions from benchmarking. The implementation of performance monitoring could be beneficial to provide a standardised customer experience for local government customers State-wide. As an initial step, consideration could be given to establishing a benchmark for the different Office of Local Government groups of councils with a view to then monitor performance once the benchmark is established. Regular community satisfaction surveys are valuable and should be staggered throughout the year to take into consideration different external factors. Rate pegging has two impacts: <ul style="list-style-type: none"> sets the rates at very low levels, and removes any degree of certainty associated with rate increases.

Lake Macquarie City Council Staff submission – Kickstarting the Productivity Conversation Discussion Paper

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		<p>This makes it hard for councils to improve services and plan. Consideration could be given to councils to rate 2 per cent above the rate peg, following a predetermined level of consultation.</p> <ul style="list-style-type: none"> • A review of statutory fees and cost recovery options for local government could present a different model for financial sustainability. For example, new methodologies to support cost recovery for Development Application (DA) assessments could ensure rate payers aren't indirectly subsidising the assessment process. Hypothetically, placing a one per cent increase/levy against a DA could ensure the assessment process is cost neutral without negatively affecting the affordability of the DA itself. Furthermore, the process could operate similarly to the Domestic Waste Management (Sustainable Materials Management) Charges applied to local government, which determines that councils can neither make a profit nor loss from this service. (NB: Detailed analysis is required to determine the true amount required to support Council's DA assessment process being cost-neutral). • IPART's 2009 <i>Review of the Revenue Framework for Local Government</i> favoured an 'earned autonomy' approach, used in other jurisdictions across Australia. • The 'earned autonomy' approach was favoured in IPART's Review of the Revenue Framework for Local Government, conducted in 2009. Coincidentally, the passing of the <i>Local Government Amendment (Planning and Reporting) Act 2009</i> kick started what is a robust and comprehensive integrated planning and reporting framework. The NSW Government

Lake Macquarie City Council Staff submission – Kickstarting the Productivity Conversation Discussion Paper

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		<p>should build upon this framework to create autonomy for Council's to set their own rates without compromising local government accountability to rate payers and the State.</p> <ul style="list-style-type: none"> • Allowing Councils to set their own rates places greater pressure on councils to operate sustainably and efficiently. In turn, this will support innovation in the delivery of services to the community. • At times, local government is asked to contribute to the funding of State services. For example, councils contribute approximately 11.7 per cent of the costs of fire and emergency service in NSW. (https://www.revenue.nsw.gov.au/taxes-duties-levies-royalties/emergency-services-levy) • The Discussion paper recognises that rate collection is one of the most efficient revenue sources. However, the rates system does not allow councils to recuperate the cost of State services passed on to councils. In circumstances where the State has passed on a service cost to councils, councils should be able to identify these additional costs in rates notices, explaining they are collected on behalf of the State.
<p>Unlocking the potential of our employment zones</p> <ul style="list-style-type: none"> • Continued population growth means housing affordability will remain an ongoing challenge. • Some employment zones can be overly prescriptive about the type of businesses that can locate in certain areas. This limits employment opportunities and consumer choice. 	<ul style="list-style-type: none"> • How could the New South Wales zoning system be simplified and improved to support greater business innovation and competition? • What other planning policy options should the NSW Government consider to ensure the planning system supports job creation and responds to consumer preferences? 	<ul style="list-style-type: none"> • As the economy continues its transition to focus on knowledge and service-based industries, the planning system will need to be more flexible and able to adapt and respond to more quickly to changing needs. • Advanced manufacturing is an example – This industry sector was traditionally associated with noise, odour and other negative impacts, but recent trends in advanced manufacturing mean that many of these impacts are significantly reduced or no longer exist.

Lake Macquarie City Council Staff submission – Kickstarting the Productivity Conversation Discussion Paper

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		<p>These new methods mean these businesses can reasonably operate in commercial areas without unacceptable conflicts (such as MELT at Warners Bay – https://meltaccelerator.com/).</p> <ul style="list-style-type: none"> Data storage/warehouses provide another example – With the rapid growth in demand for data storage and the need for localised data storage to support the roll out of 5G technology, there is a growing need for new data warehouses. Currently, under the NSW Planning System, data storage/warehouses are permitted in limited zones associated with business parks and industrial type uses. Changing needs and demands will mean data storage facilities will likely be required in commercial and residential areas, and the emerging style and impact of these facilities mean they may be compatible with these areas. A substantial percentage of the cost of housing is a form of tax (e.g. stamp duty, infrastructure contributions, etc).
<p>Building dwellings that better match our preferences</p> <ul style="list-style-type: none"> Minimum apartment sizes and parking requirements may provide certainty but can increase the costs of housing and limit consumer choice. 	<ul style="list-style-type: none"> What steps could the NSW Government take to improve residential development regulations to support an adequate supply of affordable housing? How could the NSW Government ensure regulations around zoning, building codes and design guidelines are flexible and aligned with demand and preferences? 	<ul style="list-style-type: none"> The NSW Government could consider incentivising (e.g. discounting/waiving stamp duty) lot-consolidators in urban core areas after they developed. This could be linked to complying development conditions and the monitoring of built form by regulators. Set affordable housing targets for developments in areas where data and analysis are demonstrating a need. These targets could be included in planning policies, as is the case in other states in Australia (e.g. South Australia) and jurisdictions overseas (e.g. Vancouver, Canada). The process Lake Macquarie City Council followed for our Housing Strategy is relevant here. We surveyed

Lake Macquarie City Council Staff submission – Kickstarting the Productivity Conversation Discussion Paper

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		<p>and analysed housing preferences of our residents, we identified the most liveable locations in the City, analysed context and development patterns and then worked with a building designer to prepare low-rise medium-density development designs to fit context. We continue to work with the Department of Planning, Industry and Environment to consider codifying these designs into the complying development SEPP.</p> <ul style="list-style-type: none"> • Unbundling parking strata lots from apartment strata lots. This would allow greater choice for buyers to determine how many parking spaces they need.
<p>Providing greater housing choice to balance labour mobility with tenure security</p> <ul style="list-style-type: none"> • Australia has a high level of tenant mobility. In part, this reflects poor tenure security, evidenced by a high number of involuntary tenancy terminations. Evidence suggests that security of tenure can improve socioeconomic outcomes. • The Build to Sell development model can be excessively cyclical. 	<p>Should the NSW Government level the playing field in the housing sector by supporting a more stable source of housing supply? If so, why?</p> <p>What is the most efficient mix of planning, regulatory and tax settings to deliver outcomes that get the balance right between tenure security and housing mobility?</p>	<ul style="list-style-type: none"> • One option for consideration is to provide a rebate/incentive to developers for schemes providing housing and land packages lower than \$600,000. • A simplified process for major developments and land release would also assist. • Others will likely comment on the tenancy regulations, but having an adequate number and diversity of housing types that matches the housing preferences of a population is important. • The cost of moving house also needs to be considered (i.e. stamp duty, real estate agent fees, legal fees, etc.).
<p>Making the most of our public spaces and green spaces</p> <ul style="list-style-type: none"> • A growing population and a trend toward apartment living means a greater need for best use public and green space. 	<p>Are there other innovative ways of providing new public space, particularly on underutilised land?</p> <p>What opportunities are there to improve the use of transport corridors in high density areas?</p>	<ul style="list-style-type: none"> • As recreation trends change, how the public space is used will need to adapt. The Plan of Management for public and recreation spaces (required under the <i>Local Government Act 1993</i>) along with land use zones determines how these areas are used. The requirements under this framework could allow greater flexibility to respond to changing community

Lake Macquarie City Council Staff submission – Kickstarting the Productivity Conversation Discussion Paper

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		<p>needs and trends.</p> <ul style="list-style-type: none"> Strategically planning and delivering a green active transport network that connects our existing public and green spaces provides greater opportunities for passive recreation and more sustainable transport options. Through a connected green network, residents' awareness of existing local open space is improved, creating a 'virtual' increase in open space, as was found through the development of Singapore's Park Connector Network. <p>A green active transport network delivers a more attractive environment in areas targeted for medium density and provides additional opportunities for cycling, jogging, walking, and the general enjoyment of nature.</p> <p>We need to rethink, reimagine and redesign existing transport corridors, road reserves and publicly owned land to improve the amenity and function of areas targeted for increased density.</p> <ul style="list-style-type: none"> State Government Community Use Policy could be expanded to facilitate easier and more cost-effective use of surplus land for public recreation or community purposes.
<p>Minimising red tape and complexity</p> <ul style="list-style-type: none"> Planning approval delays can be costly. 	<ul style="list-style-type: none"> What could the NSW Government do to improve efficiency in planning system administration and ensure economic and community benefit? 	<ul style="list-style-type: none"> Adverse impacts on productivity arise from delays to approvals associated with concurrences and referrals to NSW Government agencies, with project holding costs increasing during this time. The NSW Government's current approach, under the Department of Planning, Industry and Environment's ePlanning program is not the only solution because it is only visible to applicants and the Department. We also note that metrics tracked through the portal

Lake Macquarie City Council Staff submission – Kickstarting the Productivity Conversation Discussion Paper

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		<p>typically include completed referrals to State agencies, but not ageing referrals that are yet to be completed by the relevant NSW agency.</p> <ul style="list-style-type: none"> Consideration should be given to stronger policy responses that focus on driving accountability and performance within NSW agencies as well as indemnifying consent authorities that approve developments under 'deemed approval' mechanisms after State agencies fail to meet target timeframes for concurrences and referrals.



Dantia

Prosperity in Abundance



Lake Macquarie City Economic Development Strategy 2018-2038

Contents

2	Glossary
3	Executive summary
4	Summary of research and recommendations
5	Introduction
6	The company
7	Dantia and Dashworks
8	Vision, Mission, Values and behaviours, Objectives
9	Key insights and assumptions
16	Lake Macquarie City Economic Development Strategy 2018 - 2038
21	Figures
23	Notes
24	References

Glossary

City	The City of Lake Macquarie or Local Government Area of Lake Macquarie City as shown in Figure A .
Conurbation	A combined urban area. For example, Newcastle and Lake Macquarie cities are an existing conurbation. The proposed Sydney mega-region is a conurbation of a number of cities including Wollongong, Sydney, Central Coast, Lake Macquarie and Newcastle. A city can belong to multiple conurbations.
Greater Hunter Metropolitan Area	Area defined by the NSW Department of Planning and Environment (DoPE) as shown in Figure B . At the time of drafting this strategy DoPE have titled the area incorporating Port Stephens, Maitland, Newcastle, Lake Macquarie and Cessnock as the Greater Newcastle Metropolitan Area in their draft strategy. However, it is understood the title of the document may be changed in its final version.
Lake Macquarie Investment Attraction Package	A suite of initiatives designed to: <ul style="list-style-type: none"> • stimulate investment and development • increase investment certainty • accelerate delivery of jobs An example list of initiatives appears at Note 1 .
LMCC	Lake Macquarie City Council
LMEDC	Lake Macquarie Economic Development Company including its trading divisions (Dantia and Dashworks).
LoRaWAN	Low power, long range, wide area network infrastructure that enables the Internet of Things (IoT).
Sandbox	Describes a pilot related to planning and approval of development activities in an urban area. New concepts and approaches are trialled, with cooperation and flexibility, for the purpose of testing ideas prior to roll out across larger areas or a greater range of projects.
Second tier city	A city with a population of between 500,000 to 3 million that exists in close proximity to a major capital (Primary) city. Often unknown outside of city's national or regional context.
Sydney mega-region	The area defined by the Committee for Sydney as shown in Figure C and including Wollongong, Central Coast, Lake Macquarie and Newcastle.
Urban Development Plan (UDP)	High quality plans that map and measure vacant and occupied land, land-use zoning, infrastructure, utilities and restrictions on land, for example, flood zones. The purpose of these plans is to determine and calculate useability and carrying capacity of land for dwellings and employment activities.

Executive summary

With a population of over 205,000, geographic proximity to Sydney, a wealth of economically underutilised and potentially available land³¹ and an enviable lifestyle, **Lake Macquarie is well positioned to be one of the most significant and liveable second tier cities in NSW.**

Over the past 4 years *Lake Macquarie Economic Development Company (LMEDC)* has been successful in driving major development and investment projects, bringing on new jobs and establishing digital infrastructure that will stimulate growth. The company has developed strong advocates within both the commercial and government sector and built the profile of the region as a disrupter and innovator.

However, the current economy of Lake Macquarie is constrained by the demographics of its population, market size and businesses that operate within the geography. To achieve sustained, long-term economic diversity and be a highly liveable city, strategic changes need to occur.

For this reason, *LMEDC* has prepared the Lake Macquarie City Economic Development Strategy, articulating actions and targets over a 20-year period that require comprehensive coordination with *Lake Macquarie City Council (LMCC)*.

The below is a summary of the key actions that underpin this strategy.

Firstly, there is a need to increase the City's population, the key to economic growth. Boosting the working population and the overall market size (particularly the high spending family market) of Lake Macquarie is not only a precursor for large-scale investment but will also stimulate a strong base for the economy via construction.

With an increase in population comes a need for residential lots and new dwellings. Accelerating construction of a diverse range of housing stock will

also increase housing affordability. Affordable house prices and increasing supply stimulates inbound migration, increases the overall size of the market and creates higher levels of disposable income all critical factors to enhancing economic prosperity.

To support this population growth and provide adequate accommodation, this strategy relies on the identification of land for dwellings and employment and the creation of innovative investment attraction packages to accelerate development.

Simultaneously, *LMEDC* recommends modernisation of the City's infrastructure to enable digital transformation, strengthening the tourism offering and supporting existing industry sectors including manufacturing, utilities, mining, health and retail.

To ensure a resilient economic platform is built, the City must also encourage and support a range of new economy initiatives within high-tech agriculture, education, power generation and advanced manufacturing. Strategies to grow these new industries are proposed in this document.

Lake Macquarie is geographically well-placed to benefit from the emerging Sydney mega-region. This is an important trend to note and initiatives to link the City to Sydney, both in the interim and long-term, will be an advantage to the economy.

This strategy is disruptive and ambitious. It sets targets for the City well beyond growth forecasts provided by the NSW Department of Planning and Environment. The strategic actions are innovative and pioneering for Lake Macquarie including the proposed use of a *sandbox* approach and the *Lake Macquarie Investment Attraction Package*. Nevertheless, the actions and targets are highly achievable and, if adopted, will lead to significant growth and economic gains for the region and its citizens.



A city with a majority working family demographic, with a high percentage of disposable income or a low loan to value ratio will be a liveable city... because the community has access to work, a home, and resources to play and rest.

- Peter Francis CEO

Summary of research and recommendations

In preparation of this Lake Macquarie City Economic Development Strategy, 2018-2038, *LMEDC* has undertaken significant research and analysis at a local, national and global level. The strategic actions in this document are supported by this research and data.

The following is a summary of the key findings and recommendations made as part of this strategy. It highlights the opportunities, challenges and strengths of the region. This information is provided in more detail in the 'key assumptions and insights' section of this document.

Lake Macquarie has a need to increase the working population. Currently, the working population in Lake Macquarie is greater than the number of jobs available in the *City*. The working population has the potential to be a major catalyst for growth of the economy by stimulating construction, increasing disposable income and growing the overall market size of Lake Macquarie.

Attracting human capital (talent) is a precursor to the attraction of investment capital.^{16,17,18&27} A modest increase in the *City's* share of Sydney population (just 0.4%), will create a high population growth scenario for Lake Macquarie¹¹ and provide significant investment opportunities.

Lake Macquarie has an undersupply of both lots and dwellings. Approximately 8,400 people moved to Lake Macquarie in the last five (5) years with 4,022 being categorised as working population^{12&15}. However, even at this low growth rate, current settlement statistics demonstrate that the *City* has a shortfall in land and housing.

Supply of adequate dwellings underpins Lake Macquarie's ability to meet population, market and economic growth targets.¹¹ Therefore, *LMEDC* has stated new dwelling construction and working population growth as key performance targets.

Accelerating mega trend initiatives will create a modern economy. Mega trends include global trends like Internet of things (IoT), digital economy, advanced manufacturing, high-tech food production^{6,10&11} for example. Dantia is well placed to facilitate innovative funding and partnerships that can expedite test, trial and full commercialisation phases of these mega trend initiatives¹¹ to create a modern economy.

Collaboration between *LMEDC* and *LMCC* is essential.

The role of *LMCC* in economic development through land use planning and regulatory functions, and the economic development facilitation and promotion activities of Dantia, are both critical to the *City's* economic prosperity.¹¹

LMEDC has also reviewed the key industry sectors of Lake Macquarie, providing the following recommendations and analysis.

Construction is a high performer but risks running out of steam. The benefits of an uplift in the construction sector to the economy are significant and can be prolonged by increasing dwelling construction to meet demand.³⁶

Manufacturing needs attention. Immediate and strategic action is required to adaptively reuse and leverage the existing capability, talent, equipment and real estate resources in order to expand an embryonic advanced manufacturing industry.

Utilities require long-term planning for associated jobs to be retained. The continued utilisation of transmission line infrastructure is potentially an opportunity for an energy generator/supplier. The necessary investment requires long-term planning and early engagement.

Coal mining continues to deliver even after closure. Adaptive reuse of expired mine/employment lands presents a unique opportunity for conceptually planning major economic projects centred around employment uses, tourism, residential construction and town centres.

The health sector is strong but not a proactive economic driver. The underlying insight of this sectors' growth is that: the population is aging, reducing the working population, market size and disposable income in the local economy.

Retail needs close attention. Despite a current downturn, the retail property sector is responding by utilising assets for a variety of uses beyond current zoning.⁴⁰ Expediting this adaptive reutilisation will require cooperative discussions between asset owners/developers and the state or local government planning authority.

Tourism market is underdeveloped with unlimited potential. Tourism has extraordinary potential to drive investment, jobs and build the *City's* profile.¹¹

Introduction

The Lake Macquarie City Economic Development Strategy 2018-2038 assigns tasks against *LMEDC*'s strategic objectives of **identity, investment, infrastructure and innovation**.

However, based on the above analysis, the core strategic actions of *LMEDC* over the next four years (across all strategic objective areas) will be concerned with creating the environment to attract and grow the market of working population including creating a pipeline of construction projects that deliver housing.

The core strategic actions involve coordination and collaboration with *LMCC* and investors to identify strategic projects.

LMEDC will utilise a *sandbox* approach to develop proof of concepts and prototypes of a *Lake Macquarie Investment Attraction Package*. The package is designed to:

- create a strong construction pipeline
- increase the City's market size
- increase the City's employment workforce

Further details of the *Lake Macquarie Investment Attraction Package* can be found in **Note 1**.

Other strategic projects to be undertaken in the next four years will be designed to:

- develop new tourism products
- repurpose expired mining and heavy industry sites
- diversify retail assets /town centres to facilitate leisure and night time economy
- support primary, secondary and tertiary education institution investments
- expand the Dashworks network



The OECD notes successful cities that attract talented, young, highly-skilled workers, are centres of innovation and entrepreneurship and are competitive locations for global and regional headquarters. The proximity of universities to research and production facilities means cities are where new products are developed and commercialised.

- Greg Clarke 2018

The company

Rationale for creating an independent economic development company

In 2013 *LMCC* observed practices from New Zealand, USA and Western Europe where economic development entities, operating outside the local government authority, were effective in addressing the economic development challenge of stimulating sustained growth.¹ *LMCC* noted these organisations employed commercially astute board members and staff to forge strong relationships with the business and government sectors, yet still maintained an independent approach.

Governing the company

Following the above observation, *LMCC* formed *LMEDC* in 2014. *LMEDC* is an outsourced model of economic development with *LMCC* being the company's sole shareholder/member. This model is innovative in the Australian economic development sector.²

A skilled and experienced board was established to formulate and steward delivery of the economic development vision. The current Board of eight non-executive directors bring together commercial skills and community-minded leaders with expertise from a diverse range of current and emerging industry sectors.

The company's purpose is to diversify the *City's* economic base and increase investment and jobs across the Lake Macquarie local government area as defined in **Figure A**. This task is essential to create a foundation for a livable city.⁴

Shareholder reporting

LMEDC operates independently of *LMCC*. Reporting to *LMCC*, the sole shareholder, takes place three (3) times per year.

In April, July and October, *LMEDC* provides a brief to *LMCC* Councillors (representing the shareholder) on progress of current projects. The annual report is tabled in October detailing governance, financial and performance results. At the July briefing, *LMEDC* provides the shareholder with a one-year Operational Plan presenting the proposed 12-month action plan aligned to the Lake Macquarie City Economic Development Strategy. The strategy is prepared and updated every fourth year with the next update due in 2022.

LMEDC will continue to monitor and assess local, national and global market data, mega trends and current and emerging industries to ensure the economic development strategy and annual operational plans are relevant and optimised.

Operations

LMEDC operates two trading divisions: Dantia and Dashworks.



Economic development is the continuous process of growing an area's level of income and capital (wealth) and distributing the wealth (through expenditure and jobs) to the community, typically measured in terms of income and employment. It is also measured by improvements in education, skills, health, culture, community wellbeing, a sense of place and the environment.

- SC Lennon 2018

Dantia

A catalyst to unlock opportunity

Dantia's objective is to secure investments that will provide long-term employment opportunities for current and future generations of the Lake Macquarie community.

As a catalyst for growth and opportunity, Dantia is responsive and agile, bringing together diverse partners from government, commercial and industry to activate projects, lead and propel initiatives that benefit the *City*. Dantia does not charge a fee for these services.

Dantia's focus is to:

- attract large-scale commercial investment
- support new and existing businesses to grow
- accelerate the delivery of infrastructure
- create certainty for investors and developers

Dantia has become a trusted partner of investment and local government decision makers by identifying and unlocking opportunities, creating shared visions, increasing certainty and simplifying decision making.

Success is measured by new investment delivered and jobs created in the *City*.



Dantia propels growth with brave thinking, tenacity and decisive action.

Dashworks

A transformative encounter

Dashworks provides coworking spaces and tailored support services to its customers (known as members). The business brings together a variety of companies and people under the same roof, and curates an environment that enables collaboration, growth and innovation.

The customer base includes: start-ups, home and cloud-based businesses as well as employees of corporates. The members are astute, self-motivated and independent people or entrepreneurs committed to developing and growing their products or services.

Dashworks currently operates two facilities, one at Charlestown and another located at Warners Bay with further expansion of the facility network planned. Dashworks support services include high-speed internet, quality office space and tailored capacity-building events.

Dashworks at Warners Bay is Australia's first fully integrated accelerator and incubator for hardware.⁵ The facility services include manufacturing sector research and development, access to commercial grade equipment, funding opportunities and mentor support programs for corporates, universities and start-ups.

Success of Dashworks is measured by the growth and productivity of the members and their businesses.



Dashworks is an authentic and progressive space where intelligent minds connect, grow and succeed.

Vision

In 20 years, Lake Macquarie will be one of the top 10 most liveable cities in Australia. See Note 2.

Mission

To embrace, lead, facilitate and collaborate with domestic and international businesses and governments to deliver investment and long-term employment in Lake Macquarie.

Values and behaviours

- disruptive and challenging analysis
- creative and innovative
- transparent collaborations
- resilient, tenacious and agile
- passionate leadership, with integrity

Objectives

Strategic objectives

1. Position Lake Macquarie as a nationally and (ultimately) globally recognised city
2. Drive investment from existing and new businesses to create long-term intergenerational employment
3. Identify and influence the delivery of infrastructure to encourage and support investment decisions
4. Deliver future thinking, technology and innovation to Lake Macquarie

Strategic drivers

- IDENTITY
- INVESTMENT
- INFRASTRUCTURE
- INNOVATION



A liveable city is a place assessed to have a positive quality of life based on reliable access to economic stability, health, culture, environment and provision of infrastructure. A liveable city attracts people as a destination in which to: invest and work; create homes; play and rest.

- Economist Intelligence Unit 2018

Key insights and assumptions

The following provides commentary on the key insights and assumptions made in the development of this economic development strategy. These insights have been used to inform this strategy and set the strategic direction for the company over the next 20-year period.

Increasing the working population and talent pool are key drivers for economic growth

Increasing the working population is integral to the economic prosperity of Lake Macquarie and a key part of this economic development strategy. Here are the key reasons why:

A robust and sustainable economy relies on strong working population

The working population in Lake Macquarie is greater than the number of jobs available in the *City*. Forty percent (40%) of workers are employed outside the *City*.^{11,12&32} Across the *Greater Hunter Metropolitan Area*, the area that includes Lake Macquarie, Cessnock, Maitland, Port Stephens and Newcastle (as shown in **Figure B**), there is inadequate employment to sustain the region's workforce.^{11,12&32}

Attracting and retaining talent

As a result of undersupplied employment opportunities in the *Greater Hunter Metropolitan Area* approximately 5%^{11,12} of the current working population is commuting out of the region or to Sydney.^{11&32} Furthermore, many young people including: school leavers looking for tertiary education¹⁴, university graduates and those seeking work, migrate out of the region to gain the services and employment that they need^{11&12} often at the cost of lifestyle and family connections.

To support the population growth plans provided in this strategy and the economic sustainability of Lake Macquarie we need to focus on attracting new working population and retaining local talent.

High proportion of SME's

Lake Macquarie has 6,456 trading businesses. Ninety-six percent (96%) of these businesses are small, with less than 20 employees.¹² There are 260 medium sized businesses with 20-199 employees, equating to only 4% of trading businesses in Lake Macquarie.¹²

Expansion by existing small and medium enterprises (SME's) will not produce economic diversity and sustainable economic and jobs growth for future generations. This is because SME's economic fortunes are largely determined by population/market size and its demographic make-up.

SME's will benefit and contribute to expansion of the *City's* economy only if the population grows, another key reason why *LMEDC* is focused on increasing the population and market size.

Attracting larger, employment-hungry organisations

Increasing the working population and market of Lake Macquarie is also a precursor to attracting and encouraging businesses of all sizes, especially larger organisations to the *City*.

This is because enterprises use working population, population growth and demographics as key indicators in the decision-making process for relocation plans, establishment of new operations or investment opportunities. Therefore, growing the working population and market is the first step to attracting large business and investment.

Demographic shift to support working population

As discussed, Lake Macquarie has a need to increase the working population living in the *City*, i.e. people aged 20-64 and families. The dependency ratio in Lake Macquarie is currently 56% and forecast to be c. 75% within 15 years if current population growth patterns continue. This means 25% of the population will be working to support those below 19 years and those aged 65 and above. It is widely understood that these numbers should be reversed.^{11,12,16,17,18,19,21,27&33}

Increasing the size of the working population has the potential to be a major catalyst for growth of the local economy. Furthermore, a working and family-based demographic exponentially expands the economy by stimulating construction, increasing disposable income and overall market size for the benefit of SME's and large businesses. Of greater significance, attracting human capital (talent) is a precursor to the attraction of investment capital.^{16,17,18&27}

Lake Macquarie's Economic Study, August 2018, calculates that a modest increase in the *City's* share of Sydney's population (just 0.4%), will create a high population growth scenario for Lake Macquarie.¹¹ For the above reasons *LMEDC* endorses the high-growth scenario and has modelled this as a strategic target. **Graph 1** details the target over the next 20 years.



Where talent goes,
capital flows.

- Jason Twill 2018

Inbound migration demand is an opportunity to accelerate growth

Capitalizing on Sydney's congestion and affordability issues

Population growth and the resulting urban sprawl, unsustainable commute distances and rising house prices in Sydney are creating inbound migration demand to Lake Macquarie and the *Greater Hunter Metropolitan Area*.^{19,20,21,22,24,25,26,27,28&29}

Approximately 8,400 people moved to Lake Macquarie in the last year five (5) years with 4,022 being categorised as working population.^{12&15} This represents only 17% of internal migrants to the Greater Hunter region. This is well below the *City's* logical portion, which could be closer to 35%, in line with the existing portion of the Greater Hunter region's population and relative land area.^{6,12,15&23} The Lake Macquarie lifestyle and relative affordability and proximity (to Sydney) is a key competitive advantage for the *City*^{13&24} that is possibly being under-leveraged.

In order to capitalise on this migration trend Lake Macquarie needs to provide available land and housing stock at an affordable price point.

Undersupply of land and dwellings

Current settlement statistics demonstrate that Lake Macquarie has an undersupply of both lots and dwellings. Settlements of lots prior to registration is above c.75% and market prices being achieved are c. 64% above project feasibility margins.^{26&29} The resulting high entry costs of home and land packages are a significant contributor to the lower rates of migration into Lake Macquarie relative to Cessnock and Maitland local government areas.

Consequently, affordability is emerging as a barrier including for some professional essential workers (eg. nurses and teachers²⁵) looking to move into the area. The Lake Macquarie Economic Study calculates the dwellings and land needed to accommodate the high-growth population scenario over the next 32 years is:

- 89,000 dwellings (equating to some 3,855ha of land); and
- 892ha of employment land¹¹

It will be important to focus on matching the mix of dwellings types to the needs of the market and creating the environment to accelerate their delivery.

Supply of adequate dwellings underpins Lake Macquarie's ability to meet population, market and economic growth targets.¹¹ Therefore, *LMEDC* has stated new dwelling construction as a key performance target. These targets are detailed in **Graph 2**.

Lifestyle and natural assets are a competitive advantage

The lake, coast, mountains and adjoining recreation areas offer an enviable lifestyle and maintaining these lifestyle elements is essential for their intrinsic biodiversity benefits but also to drive preference of Lake Macquarie over other Hunter local government areas.

Strategically positioned development land and densification opportunities

Lake Macquarie has significant tracts of undeveloped land and ex-mining lands for brown and greenfield development. Large existing residential blocks and nine (9) independent town centres can accommodate densification and infill housing supply options in town centres.

Strategically positioning employment land alongside known and proposed road and rail corridors will assist to attract new businesses and investment to Lake Macquarie and well as providing attractive and convenient new developments to increase inbound migration.^{31&33}

Prototyping and developing business attraction package/s, like those detailed in **Note 1**, could increase the utilisation of existing land supply to contribute to ensuring dwelling and employment targets can be achieved. Furthermore, innovation and improvements in the way infrastructure is delivered could activate currently unserved land, for future use.

Connecting Lake Macquarie to the emerging NSW mega-region is critical to building the City's economic base

Lake Macquarie is part of the *Greater Hunter Metropolitan Area* or conurbation.⁶ Potentially more importantly, Lake Macquarie is also part of the emerging greater Sydney mega-region/conurbation that includes Wollongong, Sydney, Central Coast, Lake Macquarie and Newcastle.¹⁰

With a population of over 205,000, geographic proximity to Sydney and offering a large bank of underutilised and available land³¹, Lake Macquarie is well positioned to be the one of the most significant and liveable *second tier cities* in NSW as part of the greater *Sydney mega-region*¹⁰. This represents an important opportunity and Lake Macquarie can proactively drive this outcome.^{10,16,17,18&27}

Being part of the *Sydney mega-region* is valuable to the *City's* economy because it provides an opportunity to grow the working population, especially within the high spending family market. However, it is critical for Lake Macquarie to strengthen infrastructure and transport links to Sydney as discussed below to allow ex-Sydney residents to retain employment in Sydney in advance of the *City's* jobs increasing.

Additionally, taking this mega-region approach will increase access to the largest Australian market, especially for tourism products and investment and development.

Transport links with Sydney important to population growth

Transport connections, standards and frequency of service to the Sydney market are incrementally improving. This, in addition to the creation of local quality coworking spaces with enterprise grade internet via *LMEDC's* Dashworks facilities, position Lake Macquarie to realise key opportunities including growing the working population and market size and capitalising on the emerging, live, work and study anywhere, trend.^{1,11,17&18} As market size increases, more complex transport solutions will become viable.^{11&13}



The Committee does not advocate growth for growth's sake. We advocate for growth because we see it as a means to address many of our existing social, economic and environmental problems, including sustaining the revenue required for much needed infrastructure. We advocate for planning and investment to support population growth because, whether you like it or not, growth is going to continue...It's not realistic to suggest that we manage our urban problems with population controls.

- The Committee for Sydney 2018

Accelerate delivery of mega trend initiatives

To create a modern economy, it is recommended that the City accelerate the commercial delivery and utilisation of mega trend initiatives. These trends include Internet of things (IoT), digital economy, decentralised utility supply, aging population services, sharing economic initiatives, education delivery, advanced manufacturing, high-tech food production, visitor economy, and live, work and study anywhere initiatives.^{6,10&11}

As an immature market, many Australian towns and cities rely on government funding to deliver mega trend initiatives. Dantia is well placed to facilitate innovative funding and partnerships that can expedite delivery of the infrastructure necessary to allow test, trial and full commercialisation of these increasingly inevitable opportunities.¹¹

Initiatives like high speed internet, internet of things networks, education, and research and development infrastructure will attract talented working population and new business investment, two important factors to diversifying the economy.

The City's assets of abundant water, land and proximity to logistics and transport links means it is well placed to accommodate emerging high-tech food production. This industry requires a large employee base and further exploration of this opportunity is required.

Collaboration between LMCC and LMEDC is essential

Both the role of LMCC in economic development through its land use planning and regulatory functions, and Dantia's role of economic development facilitation and promotion, are critical to Lake Macquarie's future. Collaboration between the entities is essential to achieve economic prosperity in the region.¹¹

SC Lennon identifies four (4) core areas of economic development activity and recommends that LMCC's efforts in regard to economic development are most effectively served by focussing on:

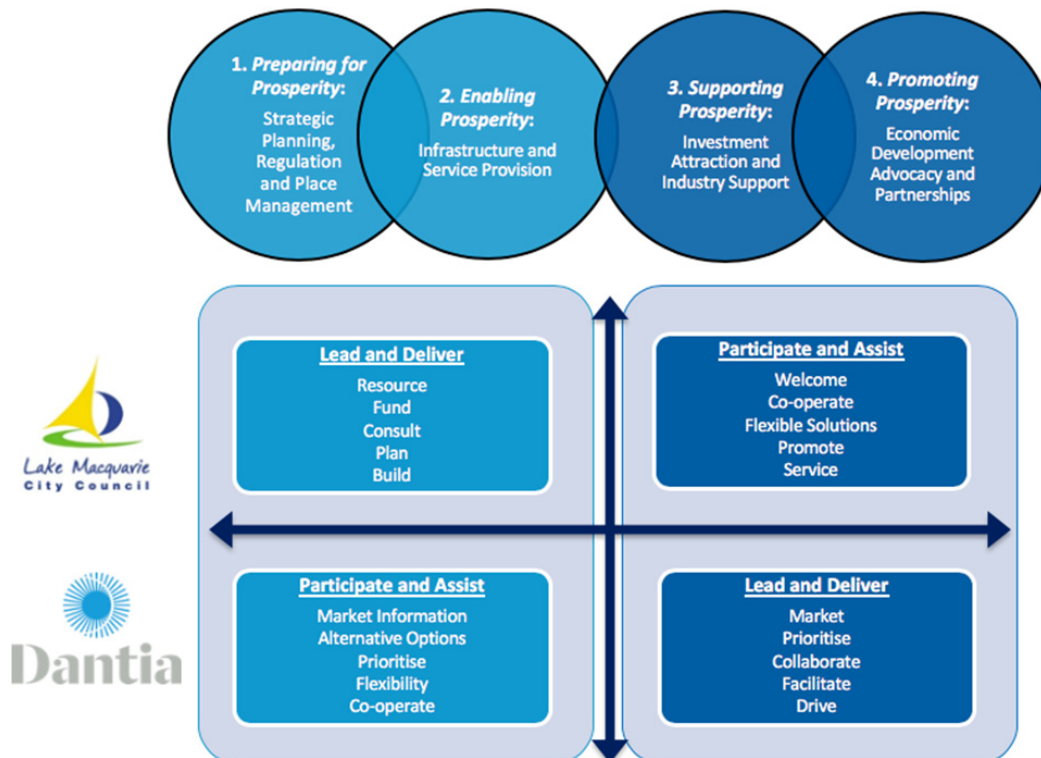
- Preparing for Prosperity - Strategic planning, regulation and place management
- Enabling Prosperity - Infrastructure and service provision¹¹

Dantia, as LMCC's economic development company focussed on working with business, government and other partners to advance Lake Macquarie's economic sustainability, is best-placed to lead and deliver the City's efforts in:

- Supporting Prosperity - Investment attraction and business support
- Promoting Prosperity - Economic development advocacy and partnerships¹¹

These roles are illustrated below. Embedding these responsibilities at governance, leadership and operational levels should be embraced in order for this strategy and its targets to be achieved.

Lake Macquarie's Economic Development Activity Areas



Source: SC Lennon & Associates

Driver industries under pressure

The key driver industries of Lake Macquarie, those with the largest economic impact (calculated by backward supplier linkages, export value and employee numbers) are:

- construction
- manufacturing
- utilities
- mining
- health
- retail

The below details key insights in each of these sectors relevant to the Lake Macquarie City Economic Development Strategy.

a. Construction is a high performer but risks running out of steam

The contribution of this industry is significant with a 4x multiplier.^{11&34} The multiplier refers to the flow on benefits to suppliers (i.e. timber supplier) and the extent to which dollars spent in this sector support job creation in other sectors of the economy.

Within the construction sector these benefits, though relatively short-term, are highly valuable and therefore maintaining a sustained pipeline is important.^{10,11&34}

Most construction relates to residential dwellings on greenfield residential estates in response to internal population growth and increasingly from inbound demand.³⁵

Realising construction industry benefits and securing investment relies on adequate land supply and a commercial and market responsive planning system. Some relevant concerns are:

- unclear *Urban Development Plans (UDP)*¹¹
- current infill dwelling supply strategies, relied upon by state and local governments, have not been matched by market demand/interest¹¹
- circa 42% of housing market sale values are attributed to embedded fees like local, state and private infrastructure charges, biodiversity offsets and stamp duties²⁴
- qualitative evidence also indicates that a complicated, ambiguous and sometimes unwelcoming local and state planning system has the impact of discouraging investors³⁶

Given the importance of the construction industry much of *LMEDC* actions are targeted at strengthening and growing this sector. Initiatives include:

- improving the pipeline of new construction opportunities with clearer articulation of a *LMCC Urban Development Plan (UDP)*
- increasing dwelling construction
- *sandboxing* development projects
- initiating the *Lake Macquarie Investment Attraction Package*
- working cooperatively with *LMCC* on these tasks

b. Manufacturing needs attention

Manufacturing remains the *City's* biggest export by value and 5th highest employer.^{12&15} However, the industry lost over 1,861 jobs in the last five (5) years. Many of the closures relate to traditional factories serving the mining services and food production sub sectors (e.g. Cargill and Sanitarium). There are only 3,479 jobs left in the sector, and if the trend of the last five (5) years continues, there is cause for concern.

There are some signs of stabilisation. Existing businesses appear well placed to be retained given they are focussed on:

- new technologies (e.g. solar, batteries, water purification, robotics)
- leisure products (e.g. ultralights, surf skis, playgrounds)
- the construction sector (e.g. kitchen, window, furnishing manufacturers and concrete batchers)

However, immediate and strategic action to adaptively reuse and leverage the existing capability, talent, equipment and real estate resources is recommended. Maintaining and evolving existing capability to include research and development and commercialisation of new ideas may be a catalyst to stimulate an advanced manufacturing sector.^{1,7,9,13&18} In response to this, *LMEDC* is establishing Dashworks at Warners Bay to target commercialisation of new products especially across new technology sectors including IoT, AgTech, CleanTech and potentially SpaceTech.

An educated, innovative, well-funded, market-savvy and appropriately mentored workforce and business community is essential for this industry to flourish in the local economy.^{1,5&11} As such acceleration, incubation, businesses mentoring, support for start-ups and university placement programs are being incorporated into the Dashworks service offering.

c. Utilities require long-term planning for associated jobs to be retained

Because of asset life, utilities (especially power generation) deliver secure, long-term jobs. The Eraring Power Station is expected to close in 2036 (18 years). While power stations have a 30-40-year asset life span, the transmission lines have 60-80-year asset utilisation life.

Given Eraring's proximity to the major east coast populations, the continued utilisation of transmission line infrastructure is potentially a desirable opportunity for an energy generator. This opportunity is dependent on either the existing plant's life being extended, or the facility being replaced (or adapting) to alternate power generation. Such a change (and the necessary investment) requires long-term planning and early engagement, a key focus area for LMEDC and LMCC.

“ Lake Macquarie is home to the Eraring Power Station. Eraring is the largest power station in Australia, with a generating capacity of 2,880MW. Fuelled by black coal, it is a highly efficient and flexible power station that plays a crucial role in maintaining a reliable supply of electricity to the east coast.

- LMCC 2014

d. Coal mining continues to deliver even after closure

The quality and volume of local coal provides a solid economic foundation. New generation coal-fired plants coming on line for base load power in Asia and Europe are seeking Lake Macquarie coal. Lake Macquarie's coal continues to hold its price in all markets on account of its quality thereby providing a solid employment base³⁹. In the medium-term LMEDC will engage with operators in this sector to ensure any change in mining company circumstances are detected well in advance.

Adaptive reuse of expired mine/employment lands presents a unique opportunity for conceptually planning major economic projects centred around employment uses, advanced food manufacturing, tourism, residential construction and town centres.

However, the planning and delivery time-frame associated with redefining mine closure plans and mine lease terms will require a cooperative effort from local and state government, land owners and the potential end-users. These projects will be a core focus of *sandbox* initiatives and the *Lake Macquarie Investment Attraction Package* which LMEDC and LMCC will work in partnership to deliver.

“ Lake Macquarie has access to abundant natural coal and quarrying resources, which has driven local mining since the 1800s. Coal remains a robust and significant contributor to the state and national economies.

- LMCC 2014

e. Health sector is growing to support the aging population

The health sector is the *City's* largest employer. This sector responds to market size and demographics and is not a proactive driver of the economy.

Currently the sectors growth is in aged care services, in-line with the current demographic skew. Quality developments are being produced ensuring liveability for over 65's. These quality aged care facilities will serve the *City's* liveability aspirations well into the future.

However, *LMEDC* notes the underlying insight of this sectors growth is that: the population is aging, reducing the working population, market size and disposable income in the local economy. These trends undermine aspirations for growth and diversification of the economy.^{16&27}

LMEDC also notes that this sector will further expand in response to proposed population targets (which target the family demographic) as set out in this plan, resulting in continued contribution and growth to the economy.

f. Retail needs close attention

Retail is highly responsive to market size, demographics, disposable income and also consumer sentiment.

Currently retail is experiencing a significant downturn as demonstrated by vacancy rates and pressure on landlords to reduce rents. The downturn is forecast to continue as major retailers reposition themselves in response to bespoke online offers and a cautious consumer sentiment.^{11,37&38}

The retail property sector is responding by utilising assets for a variety of uses beyond current zoning.⁴⁰ In response, *LMEDC* will proactively engage with asset owners/developers and the state or local planning authority to encourage cooperation and expedite the adaptive reutilisation of traditional retail assets.

g. Tourism market under-developed with unlimited potential

Tourism has extraordinary potential to drive investment, jobs and build the *City's* profile.¹¹

The *City's* tourism products and market are under-developed despite significant potential. Opportunities include:

- capitalising on the *City's* proximity to the Sydney market
- encouraging and supporting major events to attract visitation
- leveraging natural assets (mountain, lake and sea) to develop unique activity-based tourism and accommodation products
- encouraging local tourism operators to become more sophisticated in the way they market their offer. For example, engaging with tourism wholesale marketing or aggregator services like TripAdvisor and Trivago to increase exposure and market reach

Lake Macquarie City Economic Development Strategy 2018 - 2038

Identity

Position Lake Macquarie as a nationally and (ultimately) globally recognised city.

Year 1-4

- Strengthen trading entity brands - Dantia and Dashworks
- Engage with *LMCC* to achieve strategic alignment with the *LMCC* brand
- Finalise development of, and articulate *LMEDC* services and product mix
- Build high-end digital presence for all trading entities including digital prospectus
- Utilise case studies to demonstrate services and products
- Utilise technology/social media to maximise market penetration beyond the City and region
- Leverage achievements to build awareness, knowledge and profile
- Support *LMCC* to lead attraction strategies for major events

Year 5+

- Refine the *LMEDC* services and product mix
- Articulate and promote the *Lake Macquarie Investment Attraction Package*
- Develop quality printed investment prospectus
- Leverage achievements to build advocacy amongst key decision-makers and influencers within commercial organisations, including investors, developers, planners and consultants
- Leverage achievements to build awareness, knowledge and advocates amongst local, state and federal governments, politicians and senior public servants regarding the *City's* strategic objectives to contribute positively to greater Sydney *conurbation* issue/solutions
- Undertake investment and job targeted briefings outside the region

Lake Macquarie City Economic Development Strategy 2018 - 2038

Investment

Drive investment from existing and new businesses to create long-term intergenerational employment.

Year 1-4

- Collaborate with LMCC and investors to *sandbox* strategic projects
- Utilise *sandbox* approach to develop proof of concepts and prototypes of the *Lake Macquarie Investment Attraction Package*
 - identify strategic sites and projects
 - define outcomes and minimum success criteria (e.g. cooperative solution-oriented engagements, certainty, timely delivery, lowering consumer cost, incorporate mega-trend initiatives, maximise use flexibility, biodiversity management initiatives)
 - test commercialisation options via concept planning, Expression of Interest (EOI), etc
 - ensure valid market testing is undertaken
- Initial strategic projects to focus on and include diverse industry opportunities that:
 - create a construction pipeline
 - increase the *City's* market size
 - increase the *City's* employment workforce
 - create jobs within the *City*
 - develop new tourism product
 - repurpose expired mining and heavy industry sites
 - diversify retail assets/town centres to facilitate leisure and night time economy
 - support primary, secondary and tertiary education institution investments
- Explore opportunities to activate LMCC land holding as early *sandbox* projects e.g. West Wallsend Colliery, Charlestown CBD
- Identify, build and maintain conversations and relationships within high value projects including Black Rock Motor Park, West Wallsend Colliery, Charlestown CBD activation

Year 5+

- Consistently utilise the *Lake Macquarie Investment Attraction Package* to secure and expedite new investments projects that focus on job creation
- Collaborate with LMCC to ensure the *Lake Macquarie Investment Attraction Package* is implemented with consistency and continuously improved and adapted
- Expand strategic projects to include:
 - industrial and business park lands to facilitate advanced manufacturing
 - modernisation of power generation facilities to leverage transmission infrastructure
 - Non-aged health industry projects and increase services to southwest of the lake
 - Lake, lake side and coastal tourism activation via wholesale buyer market
- Explore capability to accommodate high tech food production industry
- Explore new town centre development opportunities e.g. Morriset, Glendale and Warners Bay

Lake Macquarie City Economic Development Strategy 2018 - 2038

Infrastructure

Identify and influence delivery of infrastructure to encourage and support investment decisions.

Year 1-4

- Work with *LMCC* to define land as infrastructure essential for facilitating market growth and job creating investment, and develop comprehensive *Urban Development Plan (UDP)* that maintains long-term environmental, lifestyle and social infrastructure
- Encourage *LMCC* to define detailed land limitation reports and utilities plans as essential infrastructure required to facilitate market growth and job creating investments
- Identify barriers and develop options that will facilitate delivery of interim/short-term transport links that support Lake Macquarie/Sydney conurbation
- Drive government, corporates, start-ups and partners to fully realise the potential of the Internet of Things (IoT)
- Lead the project to deliver enterprise grade, high-speed digital infrastructure capability
- Engage the Sydney Commission, the Committee for Sydney and the Committee for the Hunter regarding the role of the Lake Macquarie within each *conurbation*

Year 5+

- Implement preferred solution to deliver interim/short-term transport links that support Lake Macquarie/Sydney *conurbation*
- Identify barriers and propose solutions that will facilitate delivery of long-term transport links that support Lake Macquarie/Sydney *conurbation*
- Engage and collaborate with local, state and federal government to ensure supporting services for population growth are provided in a timely manner (eg. transport, health and education)
- Expedite infrastructure delivery, promote shared government and/or private ownership and alternative funding models
- Work with stakeholders to seek alternative government and/or private funding for infrastructure projects
- Work with *LMCC* to identify and plan for strategic land use opportunities within the *City*
- Monitor infrastructure projects to ensure they are delivered in a timely manner (in advance) of demand and to assist with success of the *Lake Macquarie Investment Attraction Package*

Lake Macquarie City Economic Development Strategy 2018 - 2038

Innovation

Deliver future thinking, technology and innovation to Lake Macquarie.

Year 1-4

- Deliver enterprise grade, high-speed digital infrastructure capability to the *City*
- Enable product research and development, commercialisation and advanced manufacturing by opening and commencing operations at Dashworks - Warners Bay
- Grow and maintain business collaborations at Dashworks - Charlestown
- Encourage creative and forward-thinking land use planning to facilitate innovation
- Stimulate participation in the Lake Macquarie *LoRaWAN* network
- Incorporate unique and creative funding schemes into infrastructure projects
- Incorporate new technology into supplying utilities where infrastructure gaps would otherwise constrain investment
- Expand the Dashworks network beyond existing facilities

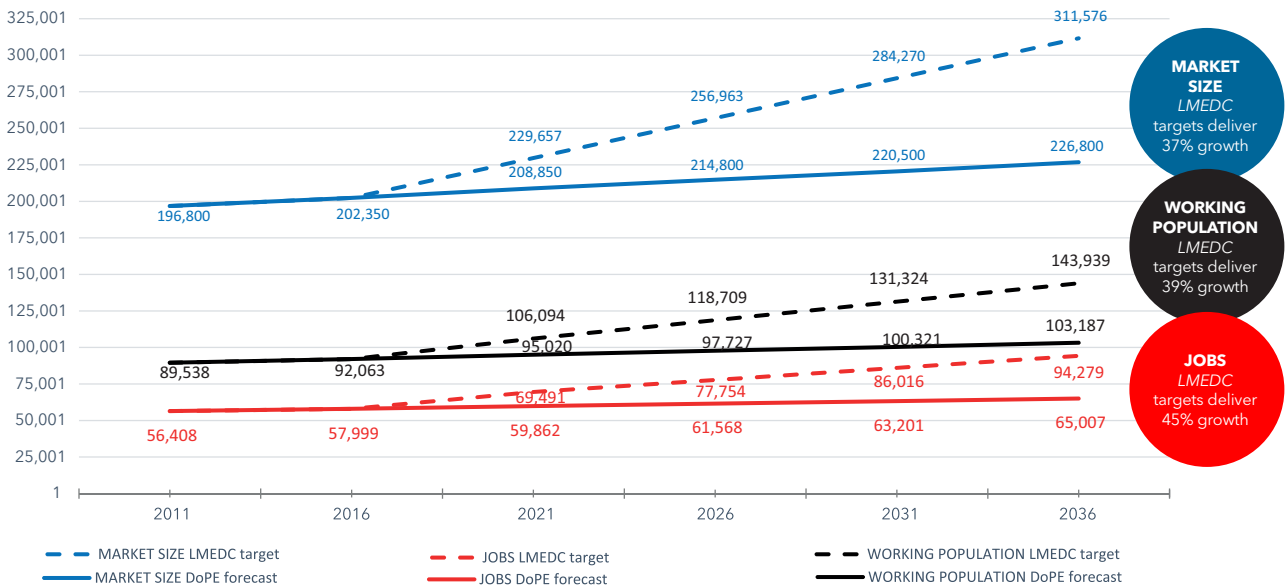
Year 5+

- Develop and refine the Dashworks - Warners Bay products and services
- Expand and consolidate the Dashworks network
- Explore food tech - high volume construction capability in the *City*
- Encourage renewal of urban centres
- Facilitate industry roundtables with education experts:
 - o Engage public and private education institutions to invest in the *City*
 - o Encourage education sector to establish a more industry-aligned supply of trainees

Strategic Target Graphs

Graph 1: Population targets - Market size, working population and jobs in Lake Macquarie City

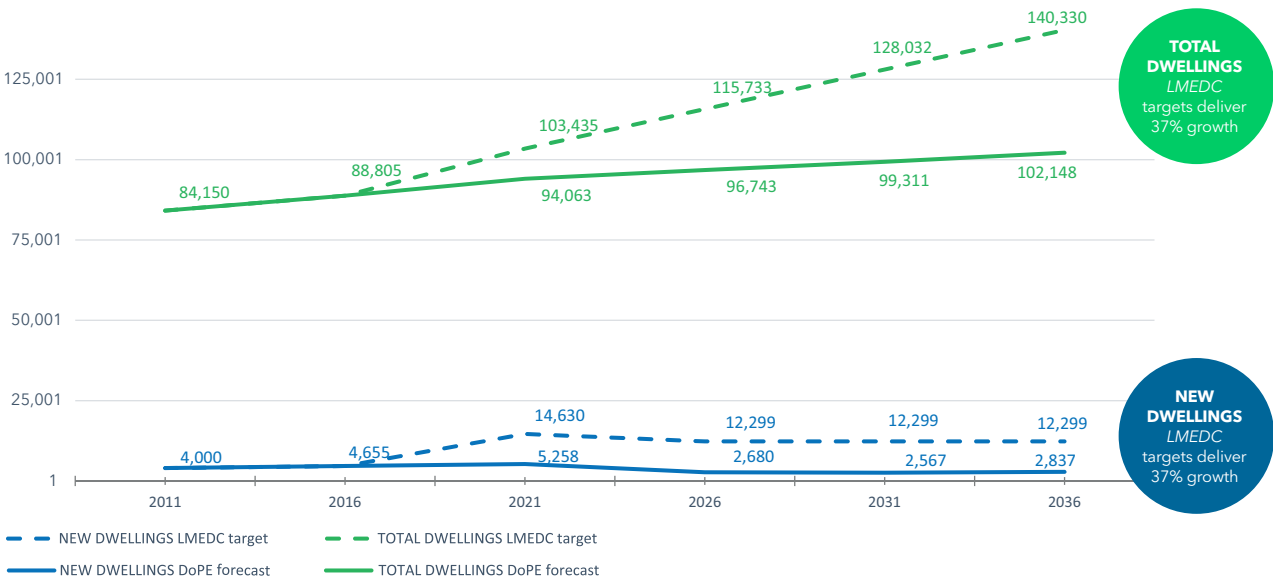
Lake Macquarie City Economic Development Strategy targets vs NSW Department of Planning and Environment forecast



Graph 1: This graph compares Lake Macquarie City Economic Development Strategy, 2018 - 2038 targets and the NSW Department of Planning and Environment (DoPE) forecast for market size, working population and jobs. It demonstrates the significant uplift in the market size, working population and jobs being targeted within the LMEDC strategy. Importantly this illustrates that, in the absence of the LMEDC plan, the City would be accepting marginal growth and an undesirable economic outlook.

Graph 2: Dwelling construction targets

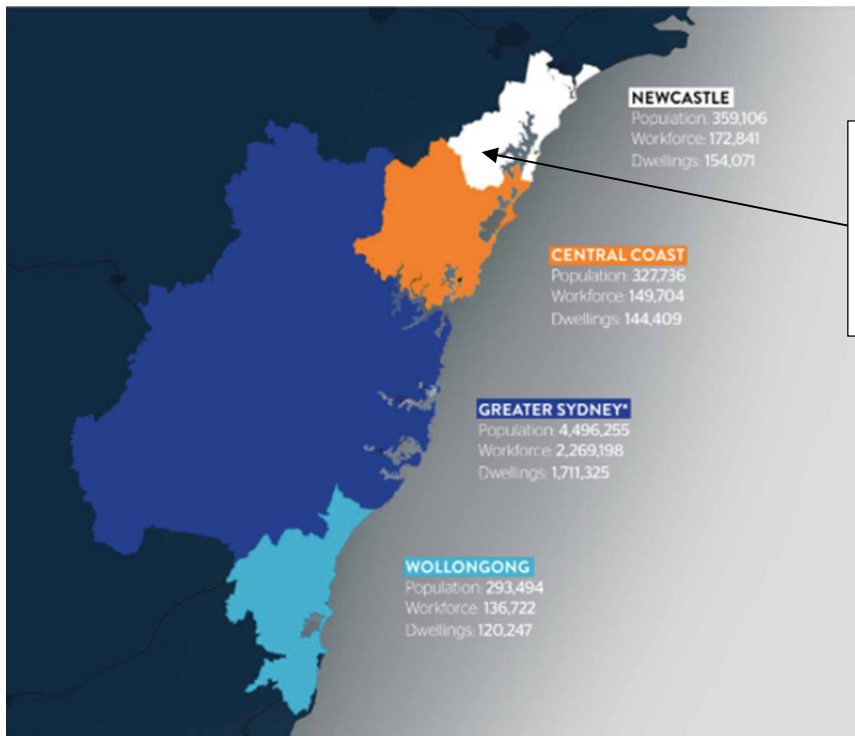
Lake Macquarie City Economic Development Strategy targets vs NSW Department of Planning and Environment forecast



Graph 2: This graph compares Lake Macquarie City Economic Development Strategy 2018 - 2038 targets and the NSW Department of Planning and Environment (DoPE) forecast for new and total dwellings for Lake Macquarie. It quantifies the dwelling construction required to accommodate the population growth illustrated in **Graph 1**. This is a significant tenant of the LMEDC plan as without accelerating the construction of new dwellings, the City will be unable to attract and accommodate (at affordable price points), the working population and talent to grow the economy. In addition, the increase in dwellings will create a notable uplift in valuable construction jobs (c. 3,100) that will be sustained for the full 20 years of the plan.

Figure 3

The Sandstone Mega-Region. Uniting Newcastle - the Central Coast - Sydney - Wollongong¹⁰



Note: The Sandstone Mega-Region discussion paper was prepared without identifying Lake Macquarie as a separate city. This highlights the lack of identity the City has with some of its closest neighbours.

Notes

Note 1

Lake Macquarie Investment Attraction Package

As part of this strategy *LMEDC* proposes the development of an investment attraction package including a suite of initiatives designed to:

- stimulate investment and development
- increase investment certainty
- accelerate the delivery of jobs

Potential and suggested initiatives in the package include:

- Facilitate and lead concept planning approach in priority centres
- Identify systems, processes and reoccurring local planning controls limiting delivery of dwelling and employment targets - collaborate and develop alternative approaches where appropriate
- Increase number of complying developments and achieve higher land utilisation for dwellings (infills, granny flats, town houses, etc.)
- Where appropriate identify flexibility (regarding retail, commercial provisions and fixed form design) within the planning controls and planning assessment process to bring forward applications, approvals and delivery of dwellings in and around town centres including mixed use development
- Flexible zoning to facilitate emerging land uses, co-locations and synergies not readily reflected in traditional planning system (e.g. existing retail assets being used for education)
- Section 94 fees to be fixed percentage of construction cost fees or reduction based on early start/finish, civic capex program funding scheme (i.e. The Maitland Scheme)
- Alternate approach to biodiversity offsets - articulate a city-wide tree canopy and habitat corridor strategy with dynamic model to forecast growth and establish local replanting funds
- Smart share parking schemes to reduce car park construction costs
- Contribution rewards for new technology utilisation that reduces demand on existing utilities networks
- Contribute to a future thinking transport strategy
- Reduced lot sizes to increase land utilisation

Note 2

Measuring liveable cities

LMEDC's vision is to create a liveable city. Current measurement practices of liveable cities are detailed below for information.

The Economist Intelligence Unit (EIU) publishes an annual Global Liveability Ranking, which ranks 140 cities for their urban quality of life, based on assessments of stability, healthcare, culture and environment, education and infrastructure. EIU surveys cities with a population of 1.5m+.

The EIU also publishes a Worldwide Cost of Living Survey that compares the cost of living in a range of global cities which may be a visionary measure for the *City* to consider in the future.

Lake Macquarie City may be assessed in future years as part of the Greater Hunter *conurbation* or as part of the *Greater Sydney mega-region*.

It is highly likely a nationwide study will evolve in coming years or a proxy may be adopted eg Hornery Institute - liveability index. Given the opportunity, it is recommended that *LMCC* participate in any scheme seeking to measure cities across the state or nation to create a benchmark for understanding areas of strength and weakness in the *City*.

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