

# Manufacturing Jobs in the Hunter, 2011 – 2021



**Briefing Note:** August 2021

## Background

The ABS releases quarterly industry job numbers for Australia's 87 labour market ('SA4') regions.<sup>i</sup> May 2021 data, released in late July,<sup>ii</sup> has been analysed by the Hunter Jobs Alliance. Comparisons have been made over time and between regions to identify trends affecting Newcastle and the Hunter.

## 1. Last 10 Years: Nation Leading Loss of Manufacturing Jobs

Broad trends of trade liberalisation, offshoring, the rise of the Australian dollar due to mineral export demand, government procurement policy, the move to a services-based economy, energy sector disruption and policy uncertainty, and other factors have impacted the Australian manufacturing sector.

Notwithstanding these broader issues, and some data volatility,<sup>iii</sup> ABS data shows decline in manufacturing employment happening at a greater rate in the Hunter than in most parts of Australia. **Newcastle and Lake Macquarie rank first of 87 regions in manufacturing job decline** over the past decade. **The Hunter Valley ranks fourth** (covering Maitland, Cessnock, Port Stephens, Dungog, Singleton, Muswellbrook and Upper Hunter LGAs).

In addition to broader economic factors, regional or industry specific influences include trade exposed sectors, ageing plant, constrained access to capital, government procurement policy, 'long tail' affects from major facility closure (such as BHP and the Kurri smelter), and competition for scarce skilled labour from sectors such as mining and urban infrastructure development.

Negative impacts notwithstanding, Newcastle and the Hunter have a set of well-documented local strengths, include a highly skilled workforce; innovative companies and research; a strong retained manufacturing base; available land; supporting institutions; opportunities and investor interest in key enablers such as offshore wind and a container terminal; and critical port, transport and energy infrastructure.

While beyond the scope of this briefing note, various stakeholders and government actors have active agendas to utilise and develop these assets to support and grow manufacturing as a critical economic driver for the region.

Examples include sector and region-specific provision of cheaper capital to enable investment, provided by public, private, or impact investing models<sup>iv</sup>; infrastructure investment<sup>vii</sup>; investment attraction activities<sup>viii</sup>; renewable energy, storage and clean manufacturing<sup>xi</sup>; and workforce planning and skill development<sup>xii</sup>.

## **2. Newcastle No.1 in Manufacturing Job Loss 2011 – 2021**

Of the 87 regions in Australia, Newcastle ranked first and the Hunter Valley fifth in loss of manufacturing jobs between May 2011 and May 2021. ABS data indicates Newcastle lost 8500 manufacturing jobs, and the Hunter 5,000.

Table 1: Top 10, Largest Loss of Manufacturing Jobs, Australian Regions, ABS Detailed Labour Force Survey, May 2011 to May 2021

| <b>Manufacturing Workers</b>               | <b>May-2011</b> | <b>May-2021</b> | <b>Change<br/>May 11-May 21</b> |
|--|-----------------|-----------------|---------------------------------|
| <b><i>Newcastle and Lake Macquarie</i></b> | 20,706          | 12,135          | -8,571                          |
| Adelaide - North                           | 24,849          | 16,402          | -8,446                          |
| Sydney - Inner South West                  | 24,115          | 16,251          | -7,864                          |
| Melbourne - North East                     | 24,279          | 18,876          | -5,403                          |
| <b><i>Hunter Valley exc. Newcastle</i></b> | 13,615          | 8,433           | -5,182                          |
| Sydney - Sutherland                        | 10,828          | 5,728           | -5,100                          |
| Latrobe - Gippsland                        | 10,080          | 5,240           | -4,841                          |
| Victoria - North West                      | 7,985           | 3,462           | -4,523                          |
| Perth - North West                         | 20,072          | 15,779          | -4,292                          |
| Sydney - Outer West and Blue Mountains     | 18,132          | 13,878          | -4,254                          |

### **3. Disproportionate Decline in Importance of Manufacturing**

The region also suffered declines in the statistical importance of manufacturing to local employment. It is well recognised that manufacturing industries have high employment multipliers in the broader regional economy, as well as contributing to critical growth drivers such as trade skills, innovation capacity, clustering, and export capability.

In May 2011 the ABS reported that one in eight jobs in the Newcastle and Hunter economy were in manufacturing. In May 2021 it was one in 15. While most places in Australia suffered a decline in manufacturing as a proportion of the economy, the Hunter was more heavily impacted than most.

**Newcastle was 2<sup>nd</sup> of 87 regions (5.3 percentage point drop) and the Hunter Valley 5<sup>th</sup> (4.9 percentage point drop) in the decline of manufacturing as a percentage of local jobs from May 2011 to May 2021.**

The change in the percentage of manufacturing jobs in the Hunter is also greater than the NSW (2.1 percentage point drop), Sydney (-1.9) and Regional NSW (-2.5) averages. At the same time, 16 regions have been able to retain or in some cases grow the proportion of manufacturing jobs, for example Barossa – Yorke – Mid North (SA – includes Port Pirie industry and extensive wine region) and Central Queensland.

**Table 2: Top 10, Largest Reduction in Manufacturing Jobs as a Percentage of All Jobs, Australian Regions, ABS Detailed Labour Force Survey, May 2011 to May 2021**

| <b>Manufacturing Workers as % of Total Workers</b> | <b>May-2011</b> | <b>May-2021</b> | <b>Percentage Point Change</b> |
|--|-----------------|-----------------|--------------------------------|
| Victoria - North West                              | 12.3%           | 5.1%            | -7.1                           |
| <b><i>Newcastle and Lake Macquarie</i></b>         | 12.0%           | 6.6%            | -5.3                           |
| Adelaide - North                                   | 13.4%           | 8.1%            | -5.3                           |
| Sydney - South West                                | 16.3%           | 11.0%           | -5.3                           |
| <b><i>Hunter Valley exc. Newcastle</i></b>         | 11.3%           | 6.4%            | -4.9                           |
| Mid North Coast                                    | 7.6%            | 2.7%            | -4.9                           |
| Sydney - Sutherland                                | 9.1%            | 4.4%            | -4.8                           |
| Ballarat   | 14.4%           | 9.7%            | -4.7                           |
| Mandurah   | 9.7%            | 5.1%            | -4.6                           |
| South Australia - Outback                          | 10.2%           | 5.8%            | -4.4                           |

#### **4. What Manufacturing Sectors Are Most Impacted?**

Until data from the 2021 Census is reported next year there is little reliable statistical evidence on what specific manufacturing sectors have been impacted locally.

However, 2011 and 2016 Census data, covering the first five years of the 2011-2021 period, provide some indications.<sup>xiii</sup>

The most significant source of lost manufacturing jobs lost over the 2011 – 2016 period were Mining and Construction Machinery (-1400), Iron and Steel (-1100), Railway Rolling Stock (-700), Aluminium Smelting (-700) and Shipbuilding (-435).

**Table 3: Top 10, Largest Reduction in Jobs by Manufacturing Sector, Newcastle and Hunter SA4 Regions, 2011 to 2016 Census, INDP4 classification.**

| <b>Change - Manufacturing Jobs by Sector, 2011-16</b> | <b>Total Hunter Region</b> | <b>Newcastle and Lake Macquarie</b> | <b>Hunter Valley exc. Newcastle</b> |
|---|----------------------------|-------------------------------------|-------------------------------------|
| Mining & Construction Machinery Manufacturing         | -1,376                     | -778                                | -603                                |
| Iron Smelting and Steel Manufacturing                 | -1,063                     | -764                                | -296                                |
| Manufacturing, not defined                            | -1,053                     | -585                                | -459                                |
| Railway Rolling Stock Manufacturing and Repair        | -708                       | -576                                | -127                                |
| Aluminium Smelting                                    | -700                       | -260                                | -439                                |
| Shipbuilding and Repair Services                      | -435                       | -249                                | -181                                |
| Other Professional and Scientific Equipment           | -186                       | -113                                | -68                                 |
| Other Machinery and Equipment Manufacturing           | -164                       | -118                                | -46                                 |
| Steel Pipe and Tube Manufacturing                     | -158                       | -113                                | -54                                 |
| Fabricated Metal Products, not defined                | -153                       | -70                                 | -79                                 |
| <b>Total (all categories)</b>                         | <b>-8,873</b>              | <b>-5,526</b>                       | <b>-3,352</b>                       |

## Contact

Warrick Jordan, Coordinator, Hunter Jobs Alliance

[warrick.jordan@hunterjobsalliance.org.au](mailto:warrick.jordan@hunterjobsalliance.org.au)

0451 633 197

[www.hunterjobsalliance.org.au](http://www.hunterjobsalliance.org.au)

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<sup>i</sup> The quarterly figures are annualised averages over the last four quarters, provided in a time series going back to August 1999.

<sup>ii</sup> It should be noted that the dataset has substantial quarterly volatility at the regional level. However, the data reported demonstrates notable trends over recent quarters. For example, in the February 2021 data Newcastle was ranked second and Hunter third for manufacturing job loss.

<sup>iii</sup> Australian Bureau of Statistics (2021) *Labour Force, Australia, Detailed, May 2021*, RQ1 - Employed persons by Industry division of main job (ANZSIC), Labour market region (ASGS) and Sex, Annual averages of the preceding four quarters, Year to August 1999 onwards (Pivot Table), <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>

<sup>iv</sup> [https://www.alp.org.au/policies/national\\_reconstruction\\_fund](https://www.alp.org.au/policies/national_reconstruction_fund)

<sup>v</sup> <https://www.hunterjo.com.au/projects/economic-diversification-and-transformation-the-hunter-2050-foundation/>

<sup>vi</sup> [https://hunter.org.au/wp-content/uploads/2021/05/20210503\\_NSW-Budget-Treasurer-C4H-correspondence.pdf](https://hunter.org.au/wp-content/uploads/2021/05/20210503_NSW-Budget-Treasurer-C4H-correspondence.pdf)

<sup>vii</sup> [https://www.businesshunter.com/content/dam/nswbc/businesshunter/submission-pdfs/2021-](https://www.businesshunter.com/content/dam/nswbc/businesshunter/submission-pdfs/2021-22%20NSW%20Budget-%20Hunter%20Business%20Chamber%20submission.pdf)

[22%20NSW%20Budget-%20Hunter%20Business%20Chamber%20submission.pdf](https://www.businesshunter.com/content/dam/nswbc/businesshunter/submission-pdfs/2021-22%20NSW%20Budget-%20Hunter%20Business%20Chamber%20submission.pdf)

<sup>viii</sup> <https://www.investregional.nsw.gov.au/regions/hunter/>

<sup>ix</sup> <https://www.hunterjobsalliance.org.au/publications>

<sup>x</sup> <https://www.energysaver.nsw.gov.au/business/reducing-emissions-nsw/net-zero-industry-and-innovation>

<sup>xi</sup> <https://bze.org.au/wp-content/uploads/2021/07/Hunter-Valley-REIP-FINAL-18-May-2021-1.pdf>

<sup>xii</sup> <https://hunternet.com.au/>

<sup>xiii</sup> ABS Census Table Builder Pro (2016) *INDP 4 Digit Level, SA4 level*,

<https://www.abs.gov.au/websitedbs/censushome.nsf/home/tablebuilder>