

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.ⁱ May 2021 data, released in late July,ⁱⁱ 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,ⁱⁱⁱ 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^{ivv}; infrastructure investment^{vivii}; investment attraction activities^{viiix}; renewable energy, storage and clean manufacturing^{xxi}; and workforce planning and skill development^{xii}.

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

Manufacturing Workers	May-2011	May-2021	Change May 11-May 21
Newcastle and Lake Macquarie	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
Hunter Valley exc. Newcastle	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 2nd of 87 regions (5.3 percentage point drop) and the Hunter Valley 5th (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

Manufacturing Workers as % of Total Workers	May-2011	May-2021	Percentage Point Change
Victoria - North West	12.3%	5.1%	-7.1
Newcastle and Lake Macquarie	12.0%	6.6%	-5.3
Adelaide - North	13.4%	8.1%	-5.3
Sydney - South West	16.3%	11.0%	-5.3
Hunter Valley exc. Newcastle	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.^{xiii}

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.

Change - Manufacturing Jobs by Sector, 2011-16	Total Hunter Region	Newcastle and Lake Macquarie	Hunter Valley exc. Newcastle
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
Total (all categories)	-8,873	-5,526	-3,352

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

ⁱⁱ 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.

ⁱⁱⁱ 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>

^{iv} https://www.alp.org.au/policies/national_reconstruction_fund

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

^{vi} https://hunter.org.au/wp-content/uploads/2021/05/20210503_NSW-Budget-Treasurer-C4H-correspondence.pdf

^{vii} <https://www.businesshunter.com/content/dam/nswbc/businesshunter/submission-pdfs/2021-22%20NSW%20Budget-%20Hunter%20Business%20Chamber%20submission.pdf>

^{viii} <https://www.investregional.nsw.gov.au/regions/hunter/>

^{ix} <https://www.hunterjobsalliance.org.au/publications>

^x [https://www.energysaver.nsw.gov.au/business/reducing-emissions-nsw/netzero-industry-and-innovation](https://www.energysaver.nsw.gov.au/business/reducing-emissions-nsw/net-zero-industry-and-innovation)

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

^{xii} <https://hunternet.com.au/>

^{xiii} ABS Census Table Builder Pro (2016) *INDP 4 Digit Level, SA4 level*,
<https://www.abs.gov.au/websitedbs/censushome.nsf/home/tablebuilder>