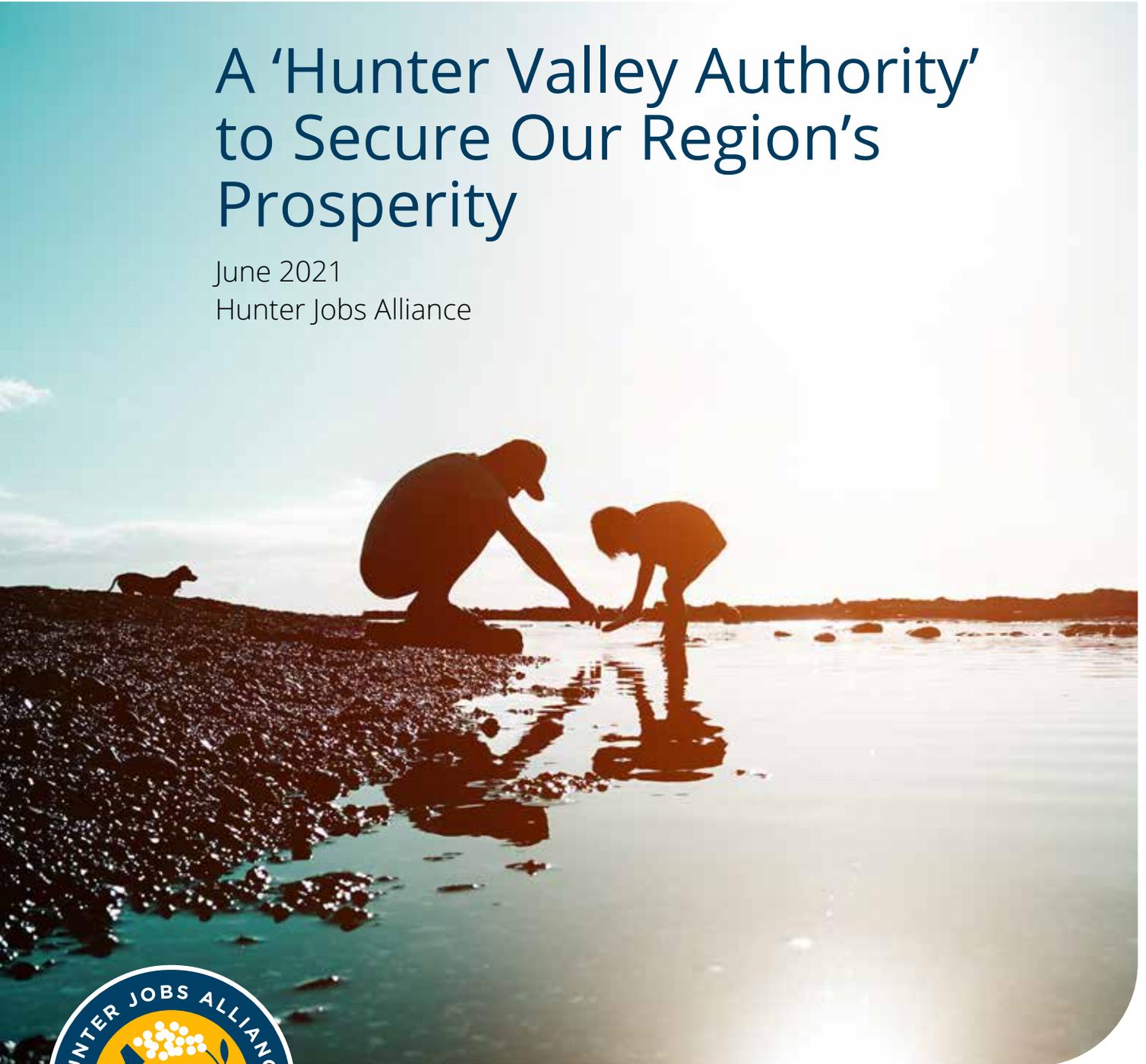


BUILDING FOR THE FUTURE

A 'Hunter Valley Authority' to Secure Our Region's Prosperity

June 2021

Hunter Jobs Alliance





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ABOUT THE HUNTER JOBS ALLIANCE

The Hunter Jobs Alliance is a locally-based union and community environment group alliance formed in 2020. The Alliance is committed to delivering a safe, prosperous future for the Hunter - one in which workers, their families and the environment thrive.

Affiliate Member Organisations of the Hunter Jobs Alliance: Australian Manufacturing Workers Unions NSW Branch; Electricity Trades Union NSW & ACT Branch; United Workers' Union; The Australian, Municipal, Administrative, Clerical and Services Union NSW & ACT Services Branch; Community and Public Sector Union; National Tertiary Education Union; Teachers Federation NSW Branch; The Nature Conservation Council of New South Wales; Lock the Gate Alliance; Hunter Community Environment Centre; Labor Environment Action Network; Independent Education Union of Australia NSW/ACT Branch.



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Executive Summary

The Hunter Region is facing significant structural economic change over coming decades as a result of domestic and global changes in energy production. While timelines are uncertain, there is emerging evidence of shifts across electricity generation, energy exports, and energy-intensive manufacturing. These sectors are critical contributors to local jobs and economic activity. The Hunter, its skilled workforce, and its productive assets are also significant drivers of the New South Wales and Australian economies.

Community recognition of these facts, and the likely scale of structural adjustment over coming decades, has led to increasing calls for proactive action to support workers and communities through change, and to ensure the assets of the region can continue to be deployed to support economic activity and prosperity.

In April and May 2021, the NSW Government announced the Royalties for Rejuvenation program to reinvest coal royalties in job creation and future economic planning to address this challenge, as well as the creation of a locally-led, statutory Hunter Expert Panel to determine how these funds are best spent.¹ This is

important recognition of the challenges and opportunities that lie ahead, and aligns with policy recommendations from the Hunter Jobs Alliance.²

We believe these announcements can be a catalyst for implementing proactive, evidence-based activities that will effectively prepare the Hunter and its people to manage and prosper through economic change. In that spirit, this discussion paper seeks to describe the Hunter Jobs Alliance's perspective on how the region can best tackle these challenges. In our view, the evidence points to a durable, independent statutory authority, auspiced under the NSW Government, as the best vehicle for delivering for the people of the Hunter.

This paper seeks to describe design principles and core functions for what we describe as a 'Hunter Valley Authority'. This includes considering specific activities, examples, and coordination and interaction with existing programs. We offer this paper as one constructive contribution to the public discussion, in the hope it informs the development of policy aimed at preparing the Hunter for the future. We welcome feedback and look forward to participating in discussions on these issues on an ongoing basis.



Newcastle



Summary: Creating a Hunter Valley Authority

RATIONALE.

While timelines are uncertain, the Hunter faces significant economic and jobs challenges - and opportunities - as energy generation technologies change. Established policy principles recognise that governments can justifiably be expected to support regional communities through large scale economic change to maintain community wellbeing and economic productivity.

Moreover, while challenging, evidence shows that there is a toolkit of effective policy that can make a meaningful difference in supporting communities through change, and creating new job opportunities. In a particular, anticipatory planning; durable leadership and coordination; and practical, evidence-based actions make a real difference. Experience suggests an independent coordinating body to expressly address structural economic change is a critical foundation.

DESIGN PRINCIPLES.

Regardless of the specific model adopted, the Hunter Jobs Alliance suggests a set of principles that should be met to deliver an effective structural change coordinating body for the Hunter:

1. **Mission Focused (on structural change).**
2. **Independent.**
3. **Representative.**
4. **Resourced.**
5. **Durable.**
6. **Transparent.**
7. **Sufficient Coordination and Delivery Capacity for Key Activities.**
8. **A Defined Geographic Scope.**
9. **Sustainable and Inclusive Economic Outcomes.**

MODEL & FUNCTIONS.

In our view, the most effective model to meet these needs and principles is a statutory 'Hunter Valley Authority' tasked with delivering a defined set of functions (in collaboration with other agencies, programs and stakeholders), namely:

1. **Regional Structural Change Planning:** development of an investment-guiding Regional Structural Change Plan that includes community participation in its development.
2. **Job Creation & Investment Attraction:** Distribution of Royalties for Rejuvenation; A Jobs Fund; Hunter Investment Attraction Service.
3. **Worker & Labour Market Support.** Worker Support Service; Regional Guideline for Restructuring Employers; Regional Workforce Planning.



1 An Independent Structural Change Authority for The Hunter

1.1 AN IDEA WHOSE TIME HAS COME

Regional communities that experience large economic shifts – such as key industry declines or plant closures – face additional challenges in getting back on their feet, compared to urban centres. Greater dependence on particular sectors means finding work, moving between jobs, and attracting investment is tougher. Regional areas can find it harder to bounce back from adversity, social and economic impacts can last much longer, and new growth sectors can be more difficult to develop.³

Fortunately, there is increasing recognition that things can be done to support workers, grow jobs, and attract investment. Changing the trajectory of economic shocks and industry change to maximise new opportunities and minimise impacts is not easy. Nor does everything in the textbook work in every situation. However, the evidence is in that taking action can get economies and livelihoods back on track as quickly as possible, ensure people aren't left behind, and set regions up for continued prosperity.

The experience of other regions^{4,5}, and the Hunter's own history⁶, indicate three critical interventions:

- + **Anticipatory Planning:** Starting a long way before an economic and jobs shift hits a region greatly increases the ability to make use of existing strengths, and for households and businesses to adjust.
- + **Leadership and Coordination:** Dealing with structural economic disruption is a different task to the regular business of economic management, taxation, skills development, and so on. Directing policy and investment to the specific challenge of structural change needs dedicated coordination and leadership.
- + **Effective, Resourced Action:** There is a list of interventions that can be effective in supporting workers and communities, and growing jobs, through economic change. What works from place to place will vary, but there must be capacity to test and implement across the set of activities that are likely to work, using local input and high quality, experienced people.



Liddell Power Station



The Hunter, with its experience of regional challenges such as the 1955 floods, BHP cuts and closure in the 80s and 90s, and the 2013-15 mining downturn, has benefited from a repeat cycle of efforts to pursue coordination and increase economic development activities in moments of crisis.

However, the (often) relatively short-term nature of these efforts has hampered the region's ability to fully benefit from the Hunter's well-documented advantages. Reactive efforts have been followed by fragmentation and defunding as governments change⁷ and coordinating bodies and programs are unwound (or more understandably as the immediate crisis subsides).

This chopping, changing, proliferation and fragmentation of regional development coordination and advocacy has been fairly constant over the past 70 years.⁸ This has put constraints on the region, including loss of institutional knowledge and capacity, fragmented coordination, and difficulty in competing with other regions for new opportunities. It has also made it more challenging to articulate and pursue stable goals for the region over time, to tackle slow burn economic changes that snowball into crises, and to have the capacity to deliver practical responses to economic shocks in the critical early phases where rapid action makes all the difference.

This is not a knock on the efforts of local advocates and leaders. In fact, the ongoing effectiveness of specialised local organisations forged in past crises – examples include HunterNet⁹ and the Hunter Research Foundation¹⁰ – demonstrate the value of durable regional institutions. Much excellent and effective work has been done.

These considerable efforts notwithstanding, however, contemporary recognition of the need for durable structural adjustment coordination aligns with long-held local analysis. A *Jobs Summit* convened in 1998 by the Hunter Common Purpose Group – a peak collaboration across existing entities formed to respond to the BHP closure – provides a compelling example of the consistent case for a locally-led coordination authority:

The role of strong and effective leadership in economic development should not be underestimated. There is a need for a body to bring together all of the economic development organisations in the Valley, the Councils, government departments and community groups. ...Our greatest need is for a peak body defining regional goals. The body should be derived from our local residents and industry.¹¹

1.2 THE CASE FOR A HUNTER VALLEY AUTHORITY

Lessons from the region's past are important considerations in addressing future challenges. But what is the pressing need for a locally-focused response to economic change in the Hunter in 2021? And what is the specific value proposition for creating a regional coordinating authority?

Firstly, local awareness of the need to prepare for large shifts in energy technology and demand has increased in recent years. While there are different views on what pace of change is likely, changes in domestic power generation and dependent heavy industry such as aluminium smelting are readily apparent, and recognition is increasing that those same technology shifts will impact energy exports at some point in time¹² – for example as explicitly recognised in the NSW Government's *Strategic Statement on Coal Exploration and Mining in NSW*.¹³ The scale of the challenge will be significant given the Hunter's dependence on these sectors for jobs, wages and economic activity.

Secondly, it is a widely recognised policy principle that governments have a role to assist regions undergoing significant economic shifts, particularly where there are significant risks of persistent socioeconomic harm. This principle goes beyond the usual (albeit important) business of regional development. It is also relevant irrespective of calls for regions to be delivered a 'fair share' (notwithstanding the credible and justified requests from the Hunter community for an appropriate return of royalty income and other expenditure). As the Productivity Commission and a range of experts have clearly articulated, some regions face large scale economic challenges from time-to-time, and governments regularly intervene



on both equity, and efficiency, grounds – the former because not assisting will leave citizens in a specific region heavily exposed to unacceptable risks of social and economic harm; and the latter because a lack of assistance will entrench socioeconomic costs and reduce productivity.^{14 15}

While it is broadly recognised that governments *should* do something, more importantly, there is clear empirical evidence that governments *can* actually do something effective. This is clearly critical in presenting a case for public investment in a statutory body.

Contemporary responses to regional structural adjustment emphasise the effectiveness of approaches that have significant scope for public sector intervention, ‘while acknowledging the importance of private sector processes’ and paying attention to the different needs and circumstances of specific regions.¹⁶ Notably, leading global studies on tackling regional economic change reinforce the central role of problem-recognition and intervention by government. While the particular governance and activities vary depending on a region’s characteristics and policy culture, a recent landmark analysis between regions in Australia and five other advanced economies identified ‘the role of government officials in responding to the prospects of regional decline or growth’ as a critical determinant of the ‘adequacy of response’.¹⁷

Thirdly, the absence of ‘best efforts’ on behalf of government and business invites a loss of social cohesion and increase in community stress during times of (current and anticipated) economic upheaval. It has been regularly observed, both in Australia and overseas, that economic shocks that have real or perceived links to resource, heavy industry, economic, energy and environmental policy are particularly susceptible to social cohesion impacts.^{18 19}

Proactive, coordinated action and genuinely deliberative community engagement are prescribed as critical in ameliorating these risks, including in recent research on structural change responses in the Upper Hunter.²⁰ Conversely, approaches that seek to address regional transformation without an honest appraisal of the scale of community impact or effective participatory mechanisms risk disenfranchising local communities.²¹

Fourth, in the intervening period between the late 90s and today, the evidence base for effective regional economic adjustment policy has strengthened.²² While supporting workers and growing jobs requires as much artful local knowledge and common sense as it does science, a lot more has been tried, tested and evaluated. We know a lot more about what works, and what doesn’t, to inform effective (and cost effective) practices.^{23 24 25 26}



Hard hats, Hazelwood Power Station Closure, Victoria

Finally, other regions in Australia and globally are becoming much more proactive in their efforts to prepare for these changes. Examples such as the Collie Just Transition Plan,²⁷ the Latrobe Valley Authority,²⁸ and calls for similar authorities in regional Queensland show that other regions are becoming increasingly aware of how locally-based coordination can minimise impacts and create opportunities. Given the highly competitive nature of the race for new jobs, the Hunter cannot afford to leave any stone unturned in how we stay competitive.

growth of local firms and the attraction of new ones have demonstrated an important, ongoing role for governments in enabling regional economic activity.^{30 31 32}

It is important to recognise that the business and investment community has a critical and central role to play and their participation in managing change should be welcomed and expected. At the same time, however, avoiding impacts on individual and family wellbeing, regional prosperity, and social cohesion, and

taking advantage of new economic opportunity requires the deployment of the various government policy and coordination tools that are known to prepare regions to effectively manage economic change.

Long running local demands, strong

The Hunter is facing big changes that pose substantial risks to many in our community, as well as presenting significant opportunity to lock in prosperity for the next several generations. Establishing a coordinating authority that can plan and respond to change over time is an essential step in recognising the challenge, and effectively responding.

The Hunter has benefited economically from industries such as power generation and mining that rely on inherent advantages, such as the location of mineral resources and proximity to the coast and population centres. As energy production technology changes over time there will be increasing challenges to local employment and key industries. While the timing of change is unpredictable, the scale and significance of these industries to local livelihoods and the Hunter's prosperity means that the region is facing potentially unprecedented change over coming decades.

evidence, and action by other communities facing similar challenges identify an independent, coordinating authority as a critical foundation stone in effectively supporting regions through change. The Hunter is facing big changes that pose substantial risks to many in our community, as well as presenting significant opportunity to lock in prosperity for the next several generations. Establishing a coordinating authority that can plan and respond to change over time is an essential step in recognising the challenge, and effectively responding.

At the same time, sectors that have driven growth in advanced economies - such as manufacturing, professional services, education, and now new energy technologies - are often in intense competition with other regions with similar sets of advantages.²⁹ As we have seen in local examples such as steel making and aluminium smelting, entrepreneurial activity by governments in the Hunter has been critical to attracting large new employing sectors. Increased sophistication in leveraging public investments to support the

In the same way that regions vary, there are multiple options for design and specific functions of an independent structural change authority for the Hunter. To satisfy community demands and needs, meet the known economic challenge, and appropriately shepherd scarce taxpayer resources, it is essential to consider both the most effective structure for a 'Hunter Valley Authority', and what functions it would actually deliver.

Different formulations have been suggested locally, and various actors have sought to proactively address the need for coordination in recent years, for example the Hunter Joint

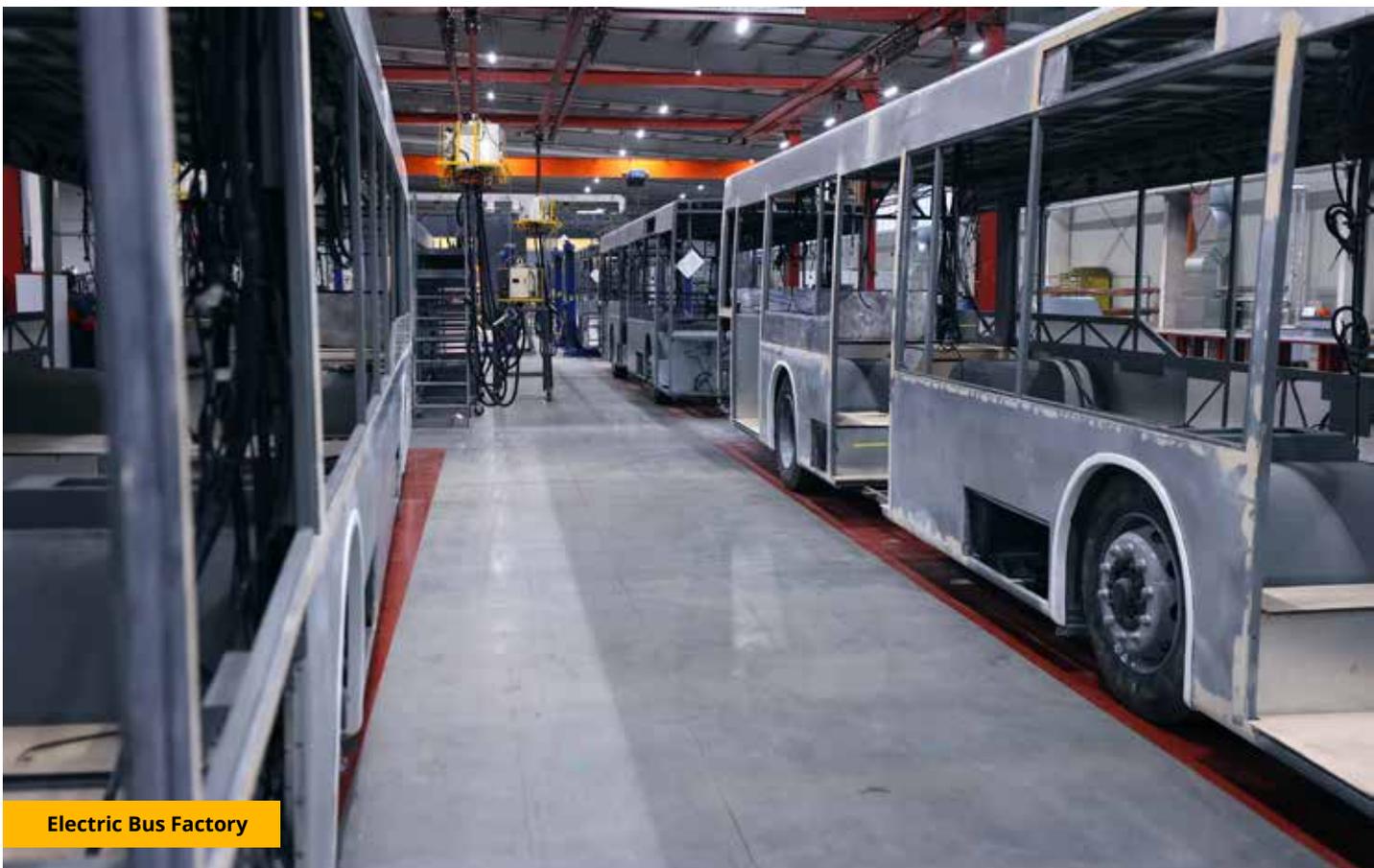


Organisation of Councils' *Hunter 2050 Foundation*³³ proposal and the Committee for Hunter.³⁴ In the view of the Hunter Jobs Alliance, consideration of how to proceed in managing the specific structural adjustment challenge in the region relies on identifying clear design principles and practical functions. As described below, we believe an assessment of these principles and functions points to a model that balances independence, local participation, durability, reliable resourcing, and the backing and capacity of government.

Again, many of these principles have been consistent, and illuminating, features of past calls for coordination. For example, representatives of the BHP closure-era Common Purpose Group, appearing at a 1998 Newcastle Senate Committee hearing, neatly encapsulated key principles in balancing government support, regional independence, and institutional durability to meet the specific needs of the Hunter:

It would seem to me that, from any region's point of view, it needs its own independent organisation. It is obviously a difficult juggling act as to how you get this independent organisation and how you still manage to get the support and funding of government, because clearly, if government is going to fund, government wants to control to some extent. That makes it difficult. But, from a regional point of view, the regional interest is to have an organisation which is going to be sufficiently independent to not be changed as government changes and to survive that change.

The following sections seek to assess what activities an authority could actually undertake to meet the challenge of supporting workers and communities and growing jobs and economic activity. This includes (non-comprehensive) consideration of existing programs and organisations. Informed by these practical needs, a set of design principles for the governance of an independent statutory organisation are then described, followed by a proposed model for the Hunter Region.



2. Functions

2.1 WHAT COULD THE AUTHORITY DO?

In order to meet the community's needs, provide value for money, and maintain lasting community support for future-focused investments, any structural change authority must deliver specific and effective activities.

There are an established set of actions that help communities adjust. They don't all work in every context, and there is an element of trial-and-error to what works in a specific time and place. However, a best practice response in our view would necessitate the delivery of the full set of activities described below. It should be noted that some actions will vary in timing, and some are best undertaken by agencies or stakeholders outside of a 'Hunter Valley Authority'.

In broad terms, the activities of structural change authorities and similar initiatives can be divided into three streams:

- + **The development of plans that guide the specific actions undertaken by an authority.** These are generally underpinned by detailed economic analysis, a regional or economic development framework, and community participation and engagement.
- + **Attracting investment, growing jobs, and diversifying the economic base.** This includes both growing existing businesses and attracting new ones.
- + **Supporting workers and communities to adjust to change.** This can be narrowly defined around households, economic livelihoods and labour markets, or more broadly around community, social welfare, celebrating of regional identity, and so on.

The tables below summarise common investment, job creation, and worker support activities that could be undertaken, supported, funded, contracted or coordinated by a Hunter Valley Authority. This is a non-comprehensive list that is focused on instrumental job creation and worker support functions, rather than a potentially broader set of actions, such as regional innovation policy or broader issues of disadvantage, inclusion or community welfare that are likely to be priorities in future, for specific stakeholders, or for the broader community.

It is also important to note that awareness of existing programs in areas such as regional grants and job creation, investment attraction, workforce planning and training, adult career advice, supply chain diversification, and government procurement is essential. Leveraging and collaborating with existing programs, identifying gaps, and learning from successes and misfires at a regional level all contribute to an effective response.

Analysis of the activities recommended as essential or core functions for a Hunter Valley Authority are incorporated in section 2.2. The ability to deliver these functions has also been incorporated in the design principles and suggested Authority model in section 3.

The Hunter Jobs Alliance looks forward to working with other parties to further develop these proposals.



TABLE 1: HUNTER VALLEY AUTHORITY: POTENTIAL STRUCTURAL CHANGE PLANNING FUNCTIONS

	Description	Examples	Related Initiatives
REGIONAL STRUCTURAL CHANGE PLANNING	<p>Set plans and strategies for retaining and growing jobs and economic activities in areas where the region has an actual or potential advantage. This also includes actions to support workers and communities through change, and make effective use of skills.</p> <p>This planning work is undertaken with the community, including both initial and ongoing community participation and engagement to ensure needs are met and support maintained. Plans are used as a guide and reporting framework for activities over time.</p>	<p>Victorian Regional Partnerships.³⁵</p> <p>Collie Just Transition Plan.³⁶</p> <p>Gippsland Smart Specialisation Strategy (Latrobe Valley Authority)³⁷</p>	<p>Hunter Regional Plan.</p> <p>Upper Hunter Economic Diversification Action Plan.</p> <p>Upper Hunter Futures Project.</p> <p>REDS Plans.</p> <p>Office of Regional Economic Development.</p>

TABLE 2: HUNTER VALLEY AUTHORITY: POTENTIAL ECONOMIC AND JOBS GROWTH FUNCTIONS

	Description	Examples	Related Initiatives
INVESTMENT ATTRACTION SERVICE	<p>Regions that have been reliant on specific industries often have their skills, knowledge, business culture and infrastructure geared to those industries. Making use of assets to attract new jobs often requires significant marketing to and practical support for new businesses, for example assistance with land access and planning, information on skills, access to supply chains, and access to incentives and networks.</p>	<p>Trade & Investment Queensland³⁸</p>	<p>Investment NSW.³⁹</p> <p>Invest Regional NSW.⁴⁰</p> <p>Dantia.</p> <p>Hunter and Central Coast Development Corporation.</p>

JOB FUND	<p>Attracting and growing diversified businesses with an explicit intention to create jobs often benefits from capital grants. For example, this was undertaken locally through the BHP-era <i>Hunter Advantage Fund</i>. A local authority would be well placed to have a direct role in providing capital grants that are tied to job creation. For example, the WA Government recently distributed \$28 million of Regional Economic Development Grants derived from its <i>Royalties for Regions Program</i> through its individual regional development commissions. This may be a suitable model for the distribution of <i>Royalties for Rejuvenation</i> funds. Alternatively, having a legislated advisory or facilitating role in the expenditure of <i>Rejuvenation</i> funds, with advice aligned to a regional structural adjustment plan may be an alternative approach.</p>	<p>Hunter Advantage Fund.⁴¹</p> <p>Regional Economic Development Grants (WA).⁴²</p> <p>Advanced Manufacturing Growth Fund (SAVic).</p> <p>Advance Queensland Industry Attraction Fund.⁴³</p>	<p>Royalties for Rejuvenation.</p> <p>Jobs Plus Program.</p> <p>Regional Job Creation Fund.</p>
PUBLIC INVESTMENT	<p>Beyond grants programs, there is increasing recognition that there are challenges in attracting capital to regional areas. Local initiatives such as the <i>Hunter 2050 Foundation</i> proposal have explicitly proposed capital provision through loans or equity stakes to attract employment and business activity. Successful models deployed on an industry specific or state-wide scale include the Clean Energy Financing Corporation. This or similar models could be adapted to a smaller scale, regional context. Government procurement policy – for example, in relation to train manufacturing – should also be deployed to maintain economic activity where it suits the regions strengths. Similarly, investment in areas such as electricity infrastructure or industrial decarbonisation developments also has a clear role to play in catalysing investment.</p>	<p>Clean Energy Finance Corporation⁴⁴</p>	<p>Hunter 2050 Foundation.</p> <p>Upper Hunter Economic Development Corporation.</p> <p>Net Zero Industry and Innovation Program⁴⁵</p> <p>Hunter-Central Coast Renewable Energy Zone</p>

<p>WORKFORCE PLANNING</p>	<p>Forecasting the skills and human capital required for existing businesses, let alone relating to declining, growth or emerging sectors, is a challenging yet highly consequential task. Evidence suggests that growing 'human capital' and education levels encourages individual adaptation and regional investment⁴⁶ – particularly in technical and 'soft skills' fields⁴⁷⁴⁸ – at the same time as cost and sectoral employment demands raise concerns about 'training for training's sake'. Workforce planning and training is easy to identify as an area for reform and attention, and hard to find effective solutions for.</p> <p>However, the type of detailed, highly consultative regional and industry specific workforce planning undertaken by some interstate agencies, such as Jobs Queensland, would add important capacity to the local economic development environment and support a range of businesses, government agencies and training providers. Housing this function in a Hunter Valley Authority, in collaboration with other agencies and organisations with strong local track records, potentially provides a testing ground for this approach in NSW, as well as providing critical information for investment attraction and growth activities, worker support services, and local stakeholders.</p>	<p>Jobs Queensland⁴⁹</p>	<p>Training Services NSW. RDA Hunter. HunterNet.</p>
<p>SUPPLY CHAIN DIVERSIFICATION</p>	<p>Programs to diversify supply chains that are dependent on specific energy, mining or heavy industry have proven to be an efficient and effective intervention in supporting business through place-specific structural changes in sectors such as automotive manufacturing and coal power generation.</p>	<p>Latrobe Valley Supply Chain Transition Program Fund,⁵⁰ Automotive Supplier Diversification Program⁵¹</p>	<p>Hunter 2050 Foundation, AusIndustry, HunterNet.</p>

TABLE 3: HUNTER VALLEY AUTHORITY: POTENTIAL WORKER SUPPORT FUNCTIONS

	Description	Examples	Related Initiatives
WORKER SUPPORT SERVICES	<p>Open access, high quality career advice for workers looking or forced to change careers is a critical and highly efficient intervention to keep people in work.⁵² 'Bricks and mortar' career advice, with well trained counsellors that understand key industries, the local labour market and training options can make a large difference in both crises and long-term change situations. Currently, this type of service is unavailable in the Hunter and relying on Australian Government-funded employment services has been found to be inadequate for blue collar workers.⁵³ Worker support services also commonly undertake or refer workers to training and employment activities, such as jobs fairs, skills recognition, training subsidies, and counselling services and are often extended to families. The Careers NSW 'Careers Hub' currently being piloted may provide an effective collaboration opportunity in the Hunter if implemented in the locally-knowledgeable, face-to-face, labour-market-informed, professionalised approach envisaged in the Gonski-Shergold <i>Review of the NSW Vocational Education and Training Sector</i>,⁵⁴ with sufficient attention paid to workers experiencing career transition in relevant sectors and cohorts.</p>	<p>Latrobe Worker Support Service.⁵⁵</p> <p>BHP Pathways Program.⁵⁶</p> <p>Oakland Adult Career Counselling Centre (Detroit).^{57 58}</p>	<p>Singleton Worker Pathways Service.</p> <p>CareersNSW.⁵⁹</p> <p>Hunter 2050 Foundation.</p> <p>Mine/power station closure programs.</p>
FINANCIAL ADVISORY SERVICE	<p>Much of the burden for managing structural economic change invariably falls on individual workers and households. Households who are in a stronger financial position have more opportunity to 'smooth' income, experience better family wellbeing and less stress, and have more options. While seeking financial advice is generally viewed as an individual responsibility, it's importance in career and employment decisions is well recognised and it is an increasingly common part of best practice support for retrenched workers in mining and energy. In a regional economy with high job dependence on sectors that face plausible scenarios that range from gradual change to abrupt disruption, it is unrealistic to expect individual workers to be 'pricing in' the complex permutations of industry change into their life decisions. Providing workers with access to (limited) free financial advisory allows them to buffer income and risk manage future change, increasing their own agency and wellbeing and reducing the costs of change to their families and the taxpayer.</p>	<p>Latrobe Worker Support Service.⁶⁰</p>	<p>Hunter Valley Financial Counselling Project.</p> <p>Super fund advisory.</p> <p>Mine/power station closure programs.</p>

EDUCATION AND TRAINING

Access to cost effective, quality, job market relevant training and education options is important for many workers looking to find new work or move to sectors with more secure opportunities. There is clearly a high degree of relevance in vocational options being available in specific regional locations, from trusted providers, particularly TAFE. In this regard, a permanent extension of the heavily-subsidised, labour-market-directed courses seen, for example, through JobTrainer and with proven effectiveness in other states such as Victoria would be of great value in improving accessible, job ready retraining opportunities, as would a significant reinvestment in the TAFE system. In addition, while attention is often focused on retraining that involves substantial career changes and investment of time, in many cases workers will benefit most from access to short courses, tickets, and certificates that formalise current skills or add related skills to improve employability.

Rather than providing training in structural change situations or otherwise being engaged in the education and training system, a more effective role for a statutory authority is through providing access to training options and subsidies through worker support services and guidance to employers. This will generally involve access to existing services, but could include provision of capped subsidies for retrenched workers, or providing advice to Training Services NSW on specific training course needs. In addition, undertaking a region-specific Workforce Planning function to attract and meet business needs and effectively utilise skills would provide a key source of advice for training funders and providers.

GUIDELINES FOR RESTRUCTURING EMPLOYERS

Authorities or equivalent bodies have a role in setting standards or expectations of employers on how they support workers, often in support or collaboration with unions and community organisations. For example, there is a set of 'outplacement' activities, involving career support, counselling, job search, jobs fairs and employer engagement, retraining funds and time, and financial advice that are generally defined as 'best practice' in retrenchment situations but are deployed on an ad-hoc basis depending on the decisions of individual businesses. There are also approaches, such as 'Just Transition' or 'Socially Responsible Restructuring' principles, that have become more prevalent in retrenchment situations but can be ill-defined or patchily deployed. Developing a set of regionally-specific guidelines would establish a common set of expectations for employers on delivering worker support in retrenchment and closure situations. This provides clarity that benefits workers, employers, communities and service providers. Awareness-raising on guidelines could also be undertaken through the employer engagement of a Worker Support Service.

BHP Pathways

Rapid Response Skills Initiative (Tasmania).⁶¹

Training Services NSW.

TAFE Mature Age Worker Scholarships.

Job Trainer.

'Just Transition' principles incorporated into the multi-stakeholder Collie Just Transition Working Group.

Union-Synergy Energy MOU in Collie, WA.

Good Practice in Socially Responsible Restructuring Guide⁶²

2.2 WHAT SHOULD THE AUTHORITY DO?

A realistic assessment of gaps in the current provision of services and the functions of other programs and actors already serving the region suggests a specific set of functions.

These can be characterised across three broad areas: (1) Regional Structural Change Planning, (2) Job Creation & Investment Attraction, and (3) Worker & Labour Market Support.

2.2.1 REGIONAL STRUCTURAL CHANGE PLANNING.

The Hunter has a set of existing plans focused on specific outcomes such as land use planning, infrastructure and other key activities. In some cases, these give reference to structural change or related concepts such as diversification. However, a specific strategy that lays out actions and seeks community input into the setting of goals is required to respond to the specific challenge of *regional structural adjustment*.

- + **Developing a Regional Structural Change Plan:** The Hunter Valley Authority should develop a public plan looking forward over several decades that describes key challenges, opportunities, regional goals and required activities *specific* to structural change in the region. A set of specific actions should be laid out over at least a five-year period. Developing a plan should include a substantial participatory element involving the community, workers and business.
- + **Community Participation and Engagement.** Providing opportunity for the broader community to participate in the establishment of a Regional Structural Change Plan, for example using a participatory model similar to the Victorian Regional Partnerships model,⁶³ is an important function that would increase community awareness and the input of local knowledge. At the same time, promotion of worker support services and other activities is critical in ensuring access to and support of ongoing service provision.

2.2.2 JOB CREATION & INVESTMENT ATTRACTION

- + **Distribute and/or Advise on Royalties for Rejuvenation Fund.** The Authority should have a legislated role in either directly distributing, and/or advising on the distribution of Royalties for Rejuvenation funds, in line with identified regional structural needs. Regardless of distribution mechanism, Royalties for Rejuvenation funds should be able to be flexibly deployed on an array of evidence-based investments, including capital grants for job creation; investment attraction activities; worker support; site redevelopment; retraining; and distribution to existing or proposed regional development entities for equity, loan, underwriting, land use planning or other facilitation activities for job creating investments.
- + **Jobs Fund.** A durable fund to provide grants for job creation activities, specifically business expansion or attraction attached to specific jobs and investment outcomes, should be allocated and managed by the Hunter Valley Authority. This could be hypothecated from Royalties for Rejuvenation funds. The fund could be initially modest and accumulate over time to support new sectors or respond in specific times of need. Consideration should be given to the prospects of more flexible utilisation of funds for job creation activities, such as equity, loans and underwriting.
- + **Hunter Investment Attraction Service.** In collaboration with NSW and local government agencies, the business community, and industry peak bodies, an investment attraction service should be established that provides a well-resourced, nation-leading 'one stop shop' for potential investors in the region. Such a service would provide rapid information and intensive support on key investor needs such as land availability, workforce skills and demographics, available incentives, and land use planning systems.



2.2.3 WORKER & LABOUR MARKET SUPPORT

- + **Worker Support Service:** The Hunter Valley Authority should establish a high quality, accessible, permanent 'bricks and mortar' Worker Support Service providing face-to-face (1) adult career, labour market, and retraining advice and referrals and (2) financial advisory with an emphasis on individual household management of structural change risks. This should be open access but targeted to resource, energy and manufacturing workforces.
- + **Regional Guideline for Restructuring Employers:** A set of guidelines for large restructuring employers, their workers, and stakeholders, should be developed. These should be developed through consultation and describe clear expectations of support and assistance for workers in the region, and be socialised through employer and

stakeholder engagement through the Worker Support Service to encourage utilisation by other government, peak and private agencies who are engaging with employers.

- + **Regional Workforce Planning:** In collaboration with key agencies and stakeholders, the Hunter Valley Authority should be charged with delivering high quality, industry specific plans that inform education, training and skills needs and investments across the region.



Wind Turbine Manufacture

3. A Hunter Valley Authority

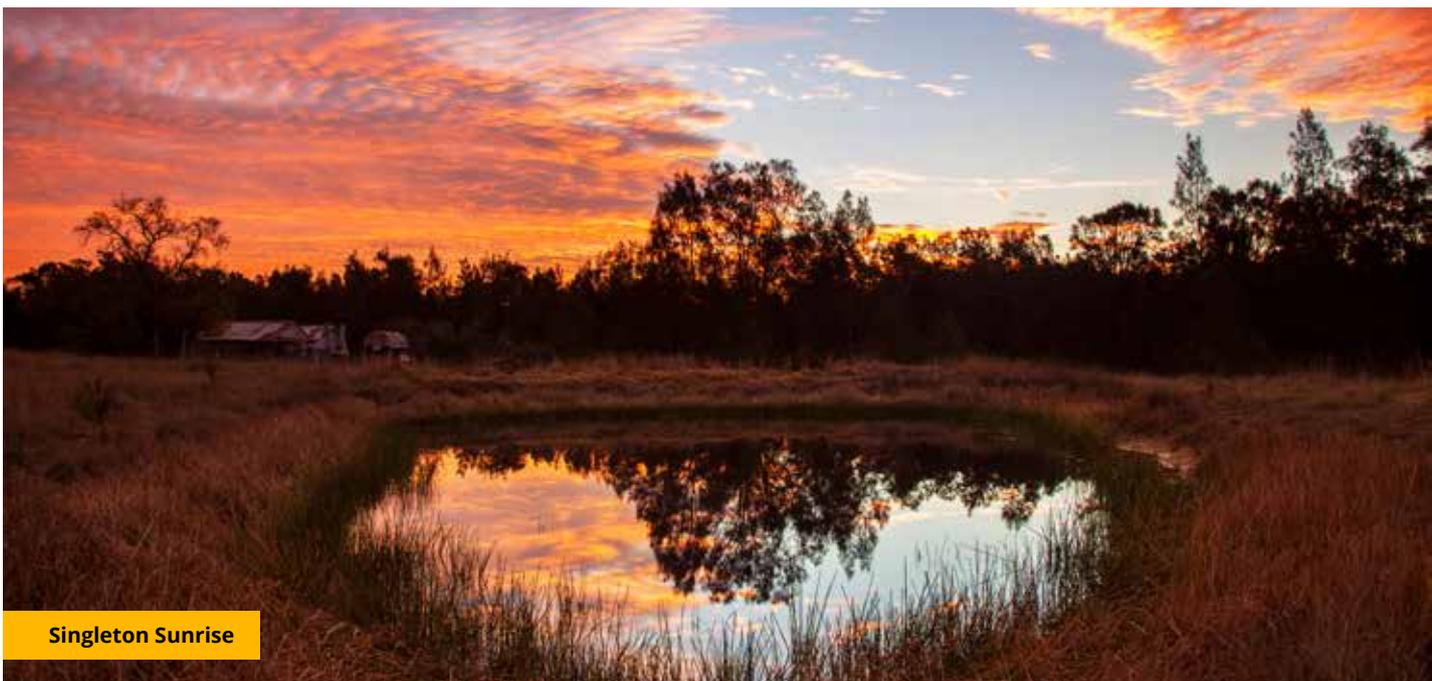
3.1 DESIGN PRINCIPLES

There are numerous governance and operating models for regional 'authorities' with a mandate to manage for economic change. In reviewing local experience and views, models in other Australian regions, and the specific conditions facing the Hunter, there are a number of fundamentals – or 'design principles' – that emerge.

In the interests of contributing to open discussion of what model is best suited to the region, we have described these foundational principles below. In our view, these constitute a form of checklist or criteria that any proposed model should be assessed against, and offer the strongest foundation for undertaking some or all of the specific functions described in the previous section.

We welcome discussion and engagement from any and all stakeholders on the suitability and application of these design principles:

- + **Mission Focused.** A Hunter Valley Authority should be clearly focused on supporting the community to adjust to, and maximise opportunities from, structural economic change in the Hunter. This role clarity is important in defining the Authority's mandate, relevant functions, and interaction with other programs and entities.
- + **Independent.** Any authority must have decision-making autonomy, and be locally lead.
- + **Representative.** Must include a diversity of perspectives that have a meaningful say in the direction of the Authority's activities, including workers, business, environment, First Nations, and government.
- + **Resourced.** Needs to have access to sufficient and reliable funding, and skilled staff, to deliver.



Singleton Sunrise



- + **Durable.** Given the long-term nature of the economic changes an authority is responding to, it must be structured to ensure it can last over political cycles.
- + **Transparent and Accessible.** A plan needs to be developed that involves community and sets a transparent set of deliverables over time.
- + **Coordination and Delivery Capacity for Key Activities.** Must have the policy mandate, flexibility and capacity to coordinate and deliver specific activities, as well as set plans.
- + **Defined Geographic Scope.** The geographic scope should be focused on logical economic and labour market boundaries where economic change will be concentrated, and an effectively coordinated response is possible. In our view, this corresponds with NSW Government boundaries of the Hunter Region.
- + **Sustainable and Inclusive Economic Outcomes.** The activities of an Authority should include a focus on maximising social and environmental benefits for the community.

3.2 A MODEL AUTHORITY

The Hunter Jobs Alliance has considered contemporary approaches from roughly comparable places (Ladrobe, Collie, Illawarra⁶⁴), past local approaches and proposals (such as the Hunter Development Board), comparative analyses between regions in Australia and overseas,⁶⁵ current local organisations and proposals (such as the Hunter 2050 Foundation), and similar discussions occurring in other states, such as currently underway in Gladstone, and Queensland more broadly.

Considering different options, and the functions and principles described above, it is the view of the Hunter Jobs Alliance that the Hunter would be well served by the following model. The intent is not to prescribe a model in administrative or legislative detail, but to articulate the fundamentals.

Statutory Basis. In regards to where a statutory authority would sit, it is our view that organisational independence and durability would be best served by an independent statutory



authority, established under New South Wales legislation. This would provide a greater level of durability through any future change of government – reflecting the long-term nature of the task – ideally in an environment of bi-partisan/ multi-party support.

Purpose. A statutory Hunter Valley Authority should be explicitly focused on supporting the community to adjust to, and maximise opportunities from, structural economic change in the Hunter.

Governance. In relation to governance, we believe there are three key areas for consideration.

Firstly, the Hunter Valley Authority should be established with a board that combines local representative and skills-based portfolios. Representative portfolios would include state government, business, local government, unions, environmental, community and First Nations. Skills-based portfolios may include business development, training, social services and worker support.

Secondly, comparable responses in the Latrobe Valley (Victoria) and Collie (WA) have benefited from clear lines of Ministerial prioritisation and resource allocation, particularly in senior and regional development portfolios.⁶⁶

Thirdly, the operational management of the Hunter Valley Authority would benefit from a significant degree of decision-making autonomy in relation to program development, spending, and implementation, including through the executive structure.

Planning. The activities of the Hunter Valley Authority would be guided at a high level by the establishment of a regional structural change plan that would articulate challenges, principles, goals, and the type of activities to be undertaken. This would likely serve multiple functions, including as the key arena for community participation; setting the activities and public reporting framework for the Authority; a guideline for the distribution of funds for job creation activities; and a policy document to be incorporated in other relevant policies and programs.

Key Functions. In reviewing core structural activities and the availability and durability of existing programs and organisations in the region, the following set of key functions (outlined in detail in Section 2) for the Hunter Valley Authority is recommended¹:

- Developing a Regional Structural Change Plan.
- Community Participation & Engagement.
- Distribute and/or Advise on Royalties for Rejuvenation Fund.
- Establish and Manage a Hunter Jobs Fund
- Establish and Deliver a Hunter Investment Attraction Service.
- Establish and Deliver a Hunter Worker Support Service.
- Develop a Regional Guideline for Restructuring Employers.
- Deliver Regional Workforce Planning activities.

¹ It should be noted that some program-based functions, for example an Investment Attraction or Worker Support Service, may benefit from partnership or third-party delivery models.

Funding. Ideally, an operational funding model that provided certainty beyond annual budget allocations would be established. For example, from a hypothecated fund, or as a proportion of Royalties for Rejuvenation annual contributions. A structure that allows for private sector contributions, for example of specific projects, would also contribute to collaboration and coordination functions.

As proposed above, a Hunter Valley Authority would ideally have responsibility for distribution of 'Jobs Fund' job creation grants, Royalties for Rejuvenation funds, and potentially other program specific funds. Similar models exist, for example, in WA with the distribution of Royalties for Regions through regional economic development corporation. Failing that, a legislated advisory role on the expenditure of Royalties for Rejuvenation, and the ability to distribute project specific funds and contract for specific services, would be required.

Geographic Scope: The Hunter Valley Authority should operate in the Hunter regions as defined by the NSW Government. That is, covering the Local Government Areas of the upper and lower Hunter. The structural changes around resource, energy, and energy-intensive heavy industry have variations across those LGAs, as does the economic and population structure. However, key sectors and facilities are distributed across the region, and the broader region comprises a functional economic region across labour market commuting and supply chains.

There may be scope for considering the inclusion of additional, adjacent geographic areas facing similar challenges relating to key resource and energy industries to the west and north west, or providing advice or an example model for future consideration.

Staffing. As an independent statutory authority, the organisation should employ its own staff, with an appropriate skills-based mix of public service administration, economic planning and business development, and worker support expertise.



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