

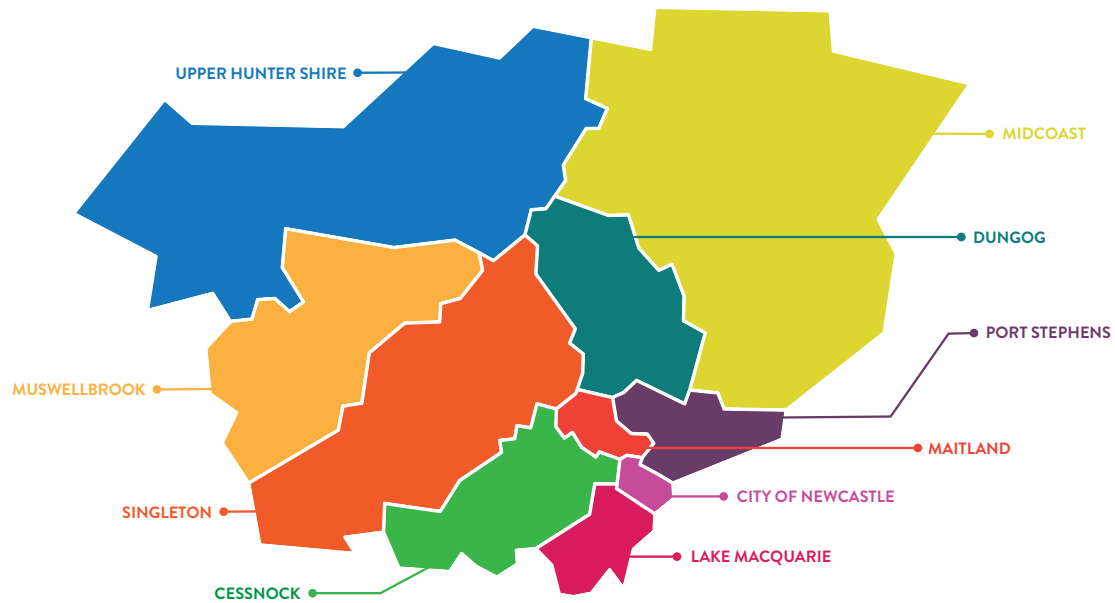


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Hunter Airports' Strategy Summary Report





Proudly led by the Councils of the Hunter Region

Hunter Joint Organisation
 4 Sandringham Ave, PO Box 3137,
 Thornton, NSW 2322
admin@hunterjo.com.au



Author



Project Partner



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Acknowledgement of Country

We acknowledge the Traditional Custodians of the land and pay our respects to Indigenous Elders past, present and future.

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The Hunter Airports' Strategy supports the Hunter Global vision for the region:

"The Hunter Region is a globally connected and economically prosperous city-region, recognised as a key international gateway, providing its communities with a vibrant and unique lifestyle."

Part One

Executive Summary

3

Executive Summary

The Hunter Region is on the cusp of change. As the coal mining industry faces significant headwinds and likely divestment, new opportunities are arising. Capturing these opportunities requires investment in critical infrastructure and a renewed approach at working collaboratively for the benefit of local businesses, airports, people and communities.

As the coal mining industry faces a slow down, the local economy is working toward diversification. New opportunities are arising in defence and aerospace, advanced manufacturing, renewable energies, fast moving consumer goods, pharmaceutical and food manufacturing.

Recent investments in infrastructure upgrades at Newcastle Airport create new opportunities in terms of international trade. There are strong opportunities in air freight of both import and export products through Newcastle Airport, the unlocking of which holds valuable economic growth and diversification options.

The region's regional airports play a critical role in supporting essential service delivery for communities, and in the development of a skilled workforce for key employers in the defence and aerospace sectors. However, these airports face several challenges with regards to commercial sustainability and increasing encroachment.

The Hunter Airports' Strategy

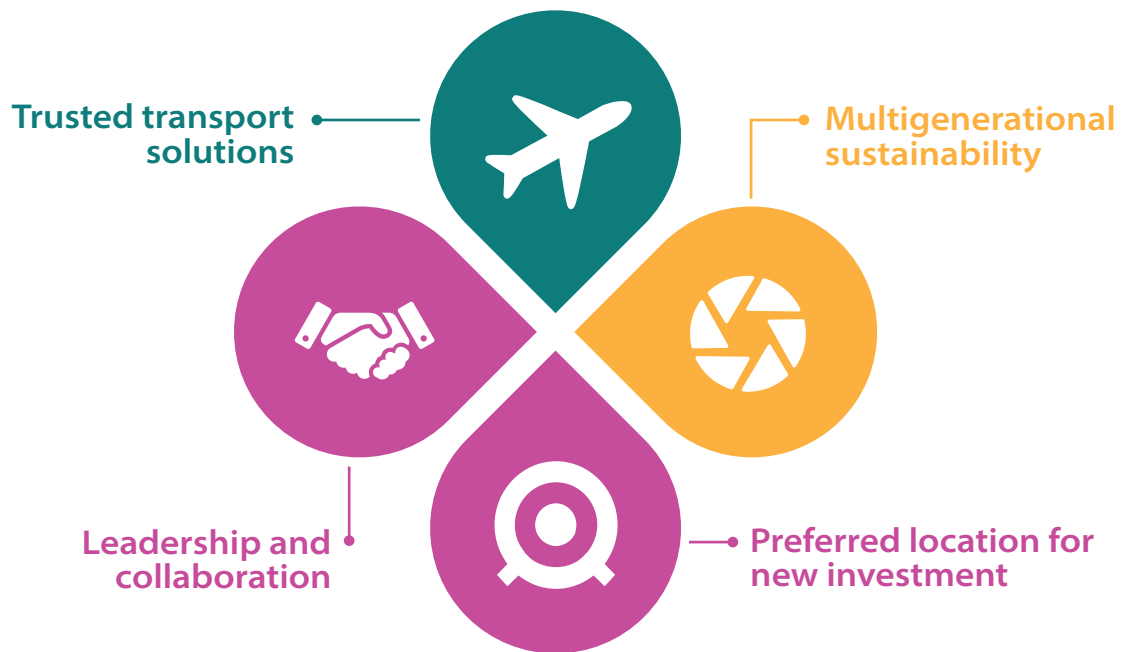
Hunter JO has secured \$500,000 in funding from the Regional NSW Business Case and Strategy Development Fund for the Hunter Airports' Strategy. A Hunter Region Aviation and Air Freight Strategy action plan which identified priority planning and infrastructure needs.

With a focus on Below the Wing Actions, the Hunter Airports' Strategy project will implement methods that provide a prioritised action plan for the region to unlock aviation related investment opportunities, including passenger and airfreight.

By supporting the region as a whole, the project will capitalise on the economic opportunities provided by greater international connectivity arising from the Newcastle Airport runway upgrade. This will be achieved by identifying the highest priority infrastructure or service the region's needs to increase our freight forwarding industry and provide opportunities for business diversification and local jobs.



The Strategy delivers on four strategic goals for the Hunter Region



The highest priority investment to unlock the value and opportunity in international air freight for the region is the provision of an air cargo terminal at Newcastle Airport. Further supportive activities will help to ensure success, and participation across the region. However, without essential infrastructure such as an air cargo terminal, no international cargo can be loaded onto aeroplanes at Newcastle Airport at all.



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Project Methodology

2.1 Scope and purpose

By 2024, the Hunter will host an international airport, offering a once-in-a-generation opportunity for the region's economic growth and diversification.

The Hunter Airports' Strategy was borne out of the Hunter Global summit. Hosted by the Hunter JO in February 2022, the two-day summit was held to activate the entire region by providing a platform for stakeholders to come together and collaboratively identify the opportunities for the Hunter arising from the enhanced international connectivity that an upgraded Newcastle Airport will provide.

The whole-of-region summit also provided opportunities to co-design strategies and a way forward to ensure the region is activated to capitalise on international connectivity. Summit delegates heard from aviation industry specialists and senior leaders in government and business about the global avenues the Airport offers to the region.

The summit identified three key priority areas that will support achievement of the Hunter Global vision through driving and curating the opportunity to grow certain products and services into new markets:

1

Foundational Actions necessary to underpin the future establishment of both above and below the wing opportunities.

2

Above the Wing Actions focused on tourism, education, business, and talent attraction opportunities.

3

Below the Wing Actions focused on import and export opportunities for freight and cargo.

The Hunter Airports' Strategy

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2.2 Stakeholder Engagement

Category	Key Issues / Interests
State Government	<ul style="list-style-type: none"> Identified the Hunter as an important location for regional investment and future growth in NSW.
Local Government	<ul style="list-style-type: none"> Availability of labour is a significant issue for the region. Availability of housing is also an issue. Desire to grow local businesses as well as enable investment from new businesses.
Airports	<ul style="list-style-type: none"> Urban development is encroaching upon some airports. Business viability of regional airports is challenged by high compliance costs for certified aerodromes.
Business and development organisations	<ul style="list-style-type: none"> Availability of labour is an issue for the region. Businesses need to be made aware of potential export opportunities. Challenges around planning permission and clarity around cost and time-line for developments. Significant economic change as coal industry divests. New opportunities in renewables industry.
Local businesses	<ul style="list-style-type: none"> Availability of labour is an issue for the region. Will use air cargo capabilities at Newcastle Airport if necessary infrastructure is in place, and aviation services available to their key markets. Local businesses struggling with cost of capital, including working capital, required to support adaptation and expansion of their business.
Freight forwarders and freight industry	<ul style="list-style-type: none"> Will use air cargo capabilities at Newcastle Airport if necessary infrastructure is in place. Local businesses struggling with cost of capital, including working capital, required to support adaptation and expansion of their business. There is no cargo terminal and no freight forwarders with facilities licenced for the handling of export perishables at Newcastle – this would be essential. Cargo terminal must be operated by a trusted, experienced operator.

2.3 Key Strategic Activities

SWOT Theme	Key Strategic Activity		Strategic Goal
	Short Term Immediate - 5 years	Long Term 3 years plus	
 <p>Infrastructure and Value Chain</p>	<p>1.0 Resolve capability gaps within the air freight value chain.</p> <p>2.0 Support utilisation of Hunter Region's air services.</p>	<p>3.0 Grow the Hunter's transport and logistics offering.</p>	 <p>TRUSTED TRANSPORT SOLUTIONS The Hunter Region has a national role in offering cost effective, trusted transport and logistics solutions across a range of industries and modes.</p>
 <p>Trade and Economy</p>	<p>4.0 Protect and support the long-term role and value of regional airports.</p> <p>5.0 Support local businesses through change.</p>	<p>6.0 Build, diversify and strengthen the regional economy.</p>	 <p>MULTIGENERATIONAL SUSTAINABILITY Multigenerational sustainability of local businesses and infrastructure is key to the Hunter Region's economic prosperity and liveability.</p>
 <p>Business Environment</p>	<p>7.0 Establish an organisation to lead regional collaboration.</p> <p>8.0 Optimise the business policy environment to ensure strategic outcomes are supported.</p>	<p>9.0 Business environment pulse check.</p>	 <p>LEADERSHIP AND COLLABORATION We work collaboratively, across business and industry, to grow and win together, unlocking important opportunities for the Hunter Region as our economy changes.</p>  <p>PREFERRED LOCATION The Hunter Region is a preferred location for new investment and economic activity. Our policy environment enables and supports both the growth and success of local businesses and attraction to the region of new investment.</p>



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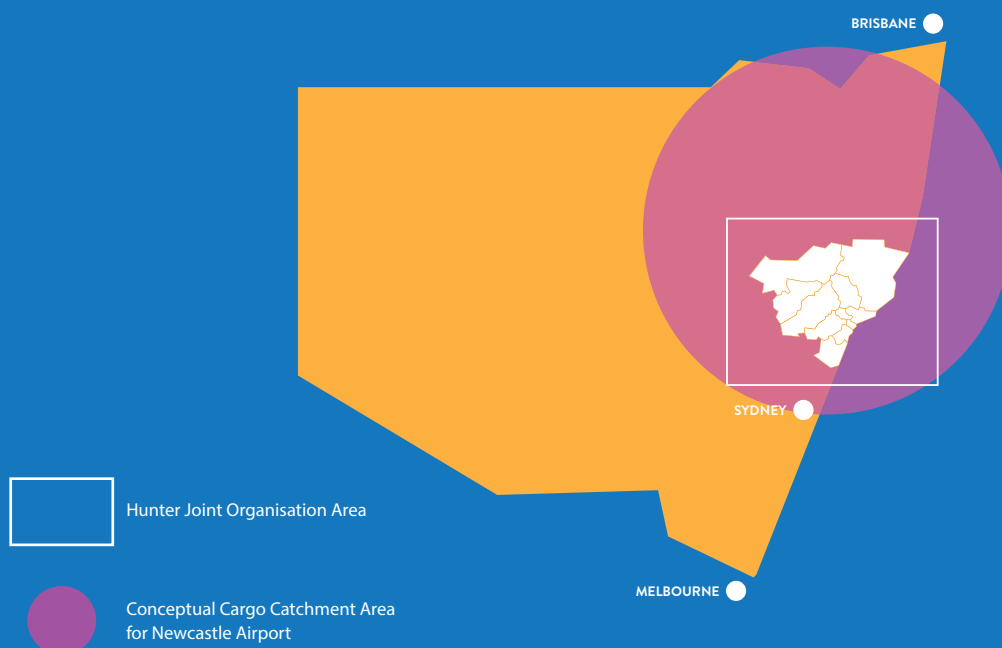
Import and Export Opportunities

3.1 Newcastle Airport conceptual cargo market catchment area

Airport cargo catchment areas differ from the passenger catchment area and often significantly overlap with other nearby airports. The market analysis has considered cargoes from a conceptual catchment area that is greater than the Hunter Joint Organisation geography. The opportunity for the Hunter Region is to leverage the cargo capabilities at Newcastle Airport to serve a greater geography which conceptually spans north to the border with NSW and South to the Northern suburbs of Sydney.








The key drivers for the selection of an airport for air freight exports are generally:

- availability of air freight capacity
- to the required destination
- at an acceptable price
- with a trusted carrier
- with containerisation (in the case of most shippers and especially perishable or valuable cargoes)
- last and first mile efficiencies and cost and availability of transport
- confidence in the handling capabilities available at the airport
- freight forwarders generally preference their own facilities in order to support increased revenues
- freight forwarders sometimes also enter into long term arrangements to purchase cargo space and then they on-sell it. In this case freight forwarders will preference use of the space they have committed to.







3.2 Regional market, horticultural products and destinations

Newcastle Airport is well positioned to serve both the Hunter Region and nearby major horticultural production areas. It is noted that across these major production areas, key markets commodities, little support is required in terms of phytosanitary treatment of product to existing markets. All of the products indicated on this page are at times flown. The degree to which product is flown versus shipped varies by market and the degree of processing prior to export.

Category	NSW Production	% of national production	NSW export quantity	Major production area	Key export markets	Export requirements
Avocados 	11,364t	9%	2,195t	Northern NSW	Hong Kong - 46% Singapore - 31% Malaysia - 19%	<ul style="list-style-type: none"> For avocados to Malaysia, a phytosanitary certificate is only required for product going to the State of Sabah. No treatment is required. No other requirements for these markets.
Blueberries 	16,785t	86%	418t	Coffs Harbour	Hong Kong - 55% Singapore - 37%	<ul style="list-style-type: none"> No specific phytosanitary requirements for blueberries to Hong Kong and Singapore.
Lemons / Limes 	5,800t	9%	709t	Lismore	Indonesia - 44% Japan - 23%	<ul style="list-style-type: none"> A phytosanitary certificate is required to Indonesia. Japan requirements are unclear.
Broccoli 	2,879t	4%	234t in 2022, down from 942t in 2020	Windsor, North West of Sydney	Singapore - 66% Hong Kong - 11%	<ul style="list-style-type: none"> No phytosanitary requirements for either Singapore or Hong Kong.
Sweet Potatoes 	11,303t	11%	233t	Cudgen, NSW North Coast	UAE - 43% Singapore - 29%	<ul style="list-style-type: none"> For the UAE a phytosanitary certificate is required. No requirements for Singapore.
Macadamias 	22,249t	42%	2,725t	Northern Rivers	China - 41% Japan - 17% USA - 10% South Korea - 10%	<ul style="list-style-type: none"> A phytosanitary certificate is required for China and South Korea, and for in-shell nuts to Japan. No certificate is required for South Korea.
Pecans 	2,663t	84%	141t	Gwydir Valley in northern NSW	USA - 66%	<ul style="list-style-type: none"> No phytosanitary certificate is required for pecans to the United States.

Source: Australian Horticulture Statistics Handbook 2021/2022 and MICOR database.

3.3 Regional import and export markets - meat, seafood, dairy and eggs

Category	Regional production (Hunter JO LGAs)	Indicative air freight potential (for Newcastle)	Major production area (Airport catchment)	Key export markets	Export and handling requirements
Meat 	<p>4 export accredited beef and lamb abattoirs across the broader airport catchment region.</p> <p>3 of these are current users of air freight for a small portion of their overall freight task.</p>	<p>NH Foods –20 tonne per week by air, potential for growth.</p> <p>Thomas Foods –25–30 tonne per week by air.</p>	Scone, Tamworth, Wingham.	Japan, South Korea, Singapore, Hong Kong, United States, Europe, Thailand, China, Middle East,	<ul style="list-style-type: none"> Licensed cold chain to the standard required to the export meat program administered by the Department of Agriculture for the handling of Prescribed Goods under the Biosecurity Act.
Seafood 	<p>Regional seafood production spans both state managed and commonwealth managed wild caught fisheries and aquaculture.</p> <p>While the region is a large seafood producer, much of this product is sold on the domestic market.</p>	<p>Wild caught Tuna.</p> <p>200 –250 tonne per annum from one supplier.</p> <p>Significant oyster industry however this is all sold on the domestic market.</p> <p>Australia's export oysters come from colder ocean.</p>	Coffs Harbour	Japan, United States	<ul style="list-style-type: none"> A trusted solution in terms of global hub and local perishables handling. Halal certification and compliance. Cargo handling integrity to support the transport of cargoes under a security declaration from the plants which have Known Consignor status.
Dairy 	<p>The Hunter JO LGAs produce 19% of NSW total dairy production (by value), with Mid Coast producing over half of this.</p>	<p>Norco factory at Raleigh near Coffs Harbour could give rise to value added milk products and milk powders.</p> <p>Specialty cheeses may result in small quantities of air freight.*</p>	Mid Coast	82% of air freighted product from the dairy, eggs and honey category ex NSW went to China.	<ul style="list-style-type: none"> Road transport efficiencies.
Eggs 	<p>The Hunter JO LGA's produce 26% of NSW total eggs production (by value), with Mid Coast also providing the greatest proportion of this.</p>	<p>NSW Total egg exports during 2021-22 were valued at \$1.1M.</p> <p>Eggs are also able to be significantly value added as a potential manufactured food export product.*</p>	Mid Coast	Singapore, Philippines.	<ul style="list-style-type: none"> Road transport efficiencies.

*NSW exported 2,351 tonnes of dairy, eggs and honey by air during the period from June 2022 to May 2023.

Source: Stakeholder interviews, NSW Department of Agriculture, ABS, PwC and Hales North analysis.



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Regional Airports

4.1 Hunter Region air freight opportunities

The Hunter Region has a range of immediate and future development opportunities for inbound and outbound air cargoes.

	Immediate term opportunities	Long term opportunities
Exports	<ol style="list-style-type: none"> Perishable exports from across Northern NSW <ul style="list-style-type: none"> Meat (beef and lamb) Eggs Dairy Seafood Horticulture. Defence related cargoes. Capture of FMCG, manufactured foods and pharmaceutical exports from Northern suburbs of Sydney. 	<ol style="list-style-type: none"> Development of METS manufacturing sector and export markets. Attraction of FMCG, pharmaceutical and food manufacturing to the region. Export of defence sustainment and manufacturing product and services.
Imports	<ol style="list-style-type: none"> Import freight to Sydney basin, especially to Northern Sydney distribution centres. Defence related cargoes. Mining industry urgent parts. Importers with distribution centres in Northern Sydney. 	<ol style="list-style-type: none"> Establishment of manufacturing industries which require access to both import and export capabilities. Support an efficient, just in time supply chain at Newcastle and use that as an investment attraction anchor. Further development of defence capability and sustainment activities.

4.2 Hunter Region airports

The Hunter Region has five certified aerodromes and multiple landing areas serving a large, diverse general and recreational aviation sector.

These airports support a range of essential and emergency services and economic activities and are important employment and workforce development hubs. It is important to protect and support this essential infrastructure for the benefit of the region's future.

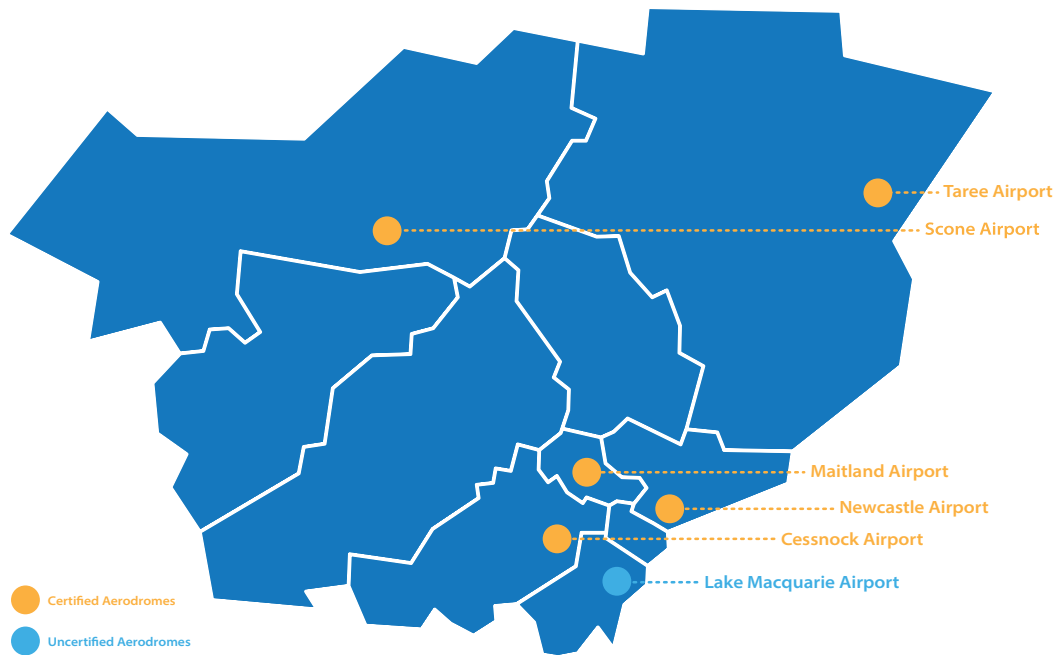


Figure 15. Aerodromes in scope of this study

Direct and Indirect employment driven by regional airports

Airport	Direct Employees on site (estimated FTE)*	Indirect jobs supported by airport activities (estimated FTE)*	Businesses on site
Scone Airport	36	44	7
Lake Macquarie Airport	31	37	8
Taree Airport	19	23	7
Maitland Airport	24	29	4
Cessnock Airport	22	27	14

*All FTE's have been defined as ANZSIC 5220 - Airport Operations and Other Air Transport Support Services. Indirect jobs are defined as production-induced effects, according to NSW Treasury TRP 09-03 Methodology Paper.

Benefits of regional airports

- The regional airports are the catalyst and operational base for a range of economic activities and essential and emergency services which support communities both socially and economically, and which cannot practically be accommodated at major airport infrastructure such as Newcastle Airport.
- Airports, and the businesses which need them for their operations are often important employers in a regional area and responsible for a number of indirect jobs. We estimate 132 direct jobs on site at the five airports (Table 2) and another 160 indirect jobs supported by the activities at these airports.
- The activities which occur at regional airports provide an important training ground and entry point for personnel entering the aviation industry. This training ground supports the educational pathways and workforce development essential to the growing regional aerospace and defence sector, and Australia's sovereign defence capability.

Cost challenges

- Smaller airports, particularly those which are certified with CASA, find it difficult to absorb the cost of maintaining the airport in accordance with CASA's requirements given their smaller revenue base and reduced ability of users to absorb higher costs.
- Once airports have relinquished their certified status it is very difficult to get it back. For some airports, it will not be possible to get their certified status back without extensive upgrade and redevelopment of aviation infrastructure.
- Due to the high operating cost and the low revenue base for regional airports, these airports can struggle with the capital required to adapt or future proof their operations and grow diversified revenue bases.
- Establishment of new aviation infrastructure to meet the future needs of communities will be very expensive and difficult given the impact airports have on the land around them.

Encroachment

- As regions struggle to accommodate population growth and the need for more housing, smaller airports are sometimes encroached upon by urban development which will affect their future operating scope.
- Increased operational requirements at Newcastle Airport for both defence and anticipated civil aircraft movements have resulted in changes to the regional airspace which negatively impact the operational capability of some regional airports.

Emerging trends and opportunities

- Emerging aircraft technologies such as regional airport mobility type aircraft will likely offer a renewed opportunity for commercial, scheduled, intra-regional air services as they enter service in Australia over the next 10 years.
- As the region grows, and as aviation technologies change, the demand on airport assets, and their value to the community, will also grow. In order to protect the essential services which airports support, and the future economic benefit of aviation across the region it is important to protect regional airports from encroachment, and to support their ongoing economic viability through policy and planning positions and other forms of support.

Source: Stakeholder feedback, PwC analysis.

4.3

The role of the regional airports in supporting intra-regional connectivity within the Hunter

The regional airports support important inter-regional and inter-state connectivity, in particular assisting local industry capabilities, such as specialised service and parts providers within the medical and mining sectors, to connect with customer bases over a broader geography.

Travel distance and time between Newcastle Airport (NTL) and regional airports by mode of transport

Regional Airport	Road		Air	
	Distance to NTL	Estimated Time	Distance to NTL	Estimated Time
Lake Macquarie Airport	47km	54min	35km	5min
Maitland Airport	44km	46min	34km	5min
Cessnock Airport	63km	53min	46km	7min
Taree Airport	154km	1hr 45min	118km	16min
Scone Airport	161km	2hr 9min	126km	19min

Source: BITRE Freight Rates in Australia and PwC Analysis

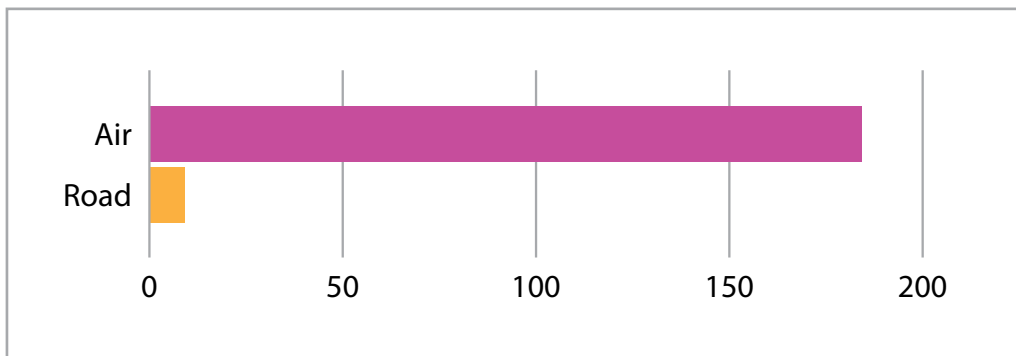


Figure 16. Freight cost per mode of transport (cents/net tonne km)

Source: BITRE Freight Rates in Australia and PwC Analysis

Feedback from airport and other aviation stakeholders indicates that there is little demand for intra-regional aviation connectivity. In most cases, the distances between the region's airports are more cost effectively serviced through road transport.

- Inter-regional and inter-state passenger and urgent freight charters are an important feature of regional airport operations and are key to supporting local business operations and market access across a variety of industries.
- As shown in Table 3, many of the regional airports are very close to Newcastle Airport and there is little value add unlocked in undertaking the higher cost of air based transport compared to road based transport in these cases.
- Scone Airport and Taree Airport are a little further out and there could be opportunities from time to time for these airports to support intra-regional aviation connectivity, however this is likely to be limited.
- Emerging aviation technologies such as advanced air mobility (i.e drones) are expected to provide lower operating costs and may change these operating dynamics and the potential commercial sustainability of intra-regional aviation services. This change in economics is expected to lead to a dramatic increase in aviation services, many of which will need operating infrastructure. Regional airports present key infrastructure with the operating scope to enable these technologies and should be strategically protected for the future of the region.
- In most cases the best way to support regions in connecting with international air freight and passenger services is through road-based, and at times rail based, transport services and ensuring that transport services are efficient and cost effective.



4.4 The strengths, weaknesses, opportunities and threats of the regional airports

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Existing essential infrastructure is in place and largely serviceable. 2. Strong general aviation (GA) community providing employment and essential services to core industries such as health, mining, tourism. 3. Strong recreational aviation (RA) community supporting liveability. 4. Combined GA and RA support a well-established and geographically diverse aviation maintenance industry. 5. Infrastructure is in place to support emergency services operations for urgent and non-urgent medical retrieval, firefighting and disaster recovery operations. 6. Some airports have diversified their revenue streams, such as with drag racing, museums, sale of land and acquisition of off airport investments, development and leasing of commercial premises on airport owned land. 	<ol style="list-style-type: none"> 1. In some cases, existing planning scheme, policy and local government agenda does not support the ongoing protection of essential aviation infrastructure. 2. For most regional airports there is insufficient population to support the establishment of regular public transport services. 3. Most regional airports are not financially viable and have difficulty with sufficient working capital for the day-to-day operations, and access to capital to fund infrastructure improvements, and the adaptation and diversification of the business to support future financial sustainability. 4. In order to support financial sustainability some airports have sold airport land, reducing the amount of control of the airport environment and future long term revenue opportunities. 5. The true economic and social value of smaller airports is poorly defined across the region. 6. In some cases, airport development has taken place without the guidance of a comprehensive master plan based on the airport's business strategy and goals. This has resulted in some airports having incompatible development near them and a loss of control over their land.

Opportunities	Threats
<ol style="list-style-type: none"> 1. Adaptation of regional tourism offering to a higher yield, international standard in response to international passenger services at Newcastle Airport will lead to higher demand for aviation based tourism activities. 2. Emerging aviation technologies will offer new opportunities for general aviation and intra-regional connectivity. They will require suitable infrastructure. 3. As the region, and aviation and logistics, continue to grow, there is a growing demand for existing aviation infrastructure and services. 4. Flight training and technical training within the aviation sector are strong opportunities. 5. Future opportunities may exist around attracting other aviation service businesses to the region, such as those from Bankstown Airport. This could include aircraft maintenance, repair and overhaul (MRO), storage, and refit of existing fleet to electric and hydrogen systems. 6. Strategic development of airport land, using leasehold, and diversification of the airport business can provide useful revenue for airports. 7. Generation of renewable energies on airport and the sale of this energy to tenants is an opportunity. 8. Royal Flying Doctor Service (RFDS) does not have a base in the region, however the region has a base hospital. Attraction of an RFDS base could be an opportunity for one of the regional airports close to the base hospital. 9. Airport lands can be used to play a consolidation role in international freight, with view to road transport to Newcastle Airport. 	<ol style="list-style-type: none"> 1. Increased military and civilian operations at Newcastle Airport is impacting air space availability at some airports and for general and recreational aviation users. 2. Lack of availability of developable land in the region is leading to encroachment of incompatible development in the vicinity of airports. 3. Some local governments are considering the closure of airports in response to the ongoing financial burden of their operation. 4. The true economic and social value of regional airports is poorly defined across the region. 5. The escalating cost of maintaining infrastructure at a certified aerodrome standard may see a contraction in the availability of certified aerodromes. 6. Urban encroachment will make it difficult to re-establish essential aviation infrastructure required to support regional growth if current infrastructure is closed or lost. 7. If existing infrastructure is compromised or lost, including the availability of operating airspace for tourism, general aviation and recreational aviation, this will negatively impact the ability of the region to support growth in available international tourism product and demand on essential aviation services. 8. Grandfathering in of non-compliant infrastructure is useful and cost effective, however care should be taken around future improvements in order to properly understand how they may affect the grandfathered status of various infrastructure and result in a requirement for the non-compliance to be rectified.

4.5 Newcastle Airport



Newcastle Airport is undergoing significant infrastructure upgrades in order to be able to accommodate long range wide body jets. Changes occurring include:

Terminal expansion project

\$55M upgrade of international passenger terminal to support processing and handling of wide body passenger aircraft and the higher volumes of passengers they present at any one time.

Runway upgrade

Upgrade of runway to Code E capability (aircraft such as the Boeing 787 and the Airbus A350). These long haul, wide body aircraft offer significant air freight capability. 80% of Australia's international air freight travels in the belly hold of passenger aircraft like these.

Astra Aerolab

A defence and aerospace precinct co-located with RAAF Base Williamtown and Newcastle Airport. Focused on supporting sustainment and manufacturing capability to the Defence sector.

Supported by the NSW State Government through the announcement of the Williamtown Special Activation Precinct, which will provide access to streamlined planning and development approvals.

Operational constraints

- Increasing tempo and complexity of activities means that General Aviation will increasingly be pushed out of Newcastle Airport and must find another airport at which to base operations.
- Given Defence's interests in the airport, aircraft operators must seek permission from Defence to land at NTL. This process is a 6 week application process.
- NTL is unsuitable for the accommodation of flight training activities given the operation of fighter jets at the airport and the operational risks inherent in combining RAAF fighters with student pilots.
- Defence has priority with regards to use of runways and airspace and may decline other operators, this may at times impact the operations of emergency and other essential services. These operators may be better accommodated at another airport where this conflict does not exist.
- Initial investment program in aircraft movement infrastructure does not include the provision of a freighter apron at the cargo terminal.

Implications

- The current aviation development plan includes provision of wide body passenger services to Singapore and eventually to another South East Asian destination. Wide body aircraft will provide containerised air cargo capabilities for the Hunter Region, and pending the operating airline, good connectivity through Singapore to Europe, the Middle East and South East Asia.
- Currently the aviation development plan does not include the attraction of wide body freighter services, so cargo capabilities will be restricted to those cargoes which can be carried on passenger aircraft.
- Narrow body services to destinations such as Auckland, Nadi, Denpasar will provide good passenger connectivity beyond those locations however onwards cargo connectivity, and ability to support cool chain integrity is inferior compared to wide body aircraft services. Some narrow body fleet (such as A321's operated by Air New Zealand) do offer containerisation of cargoes however it is unsuitable for onwards transfer to wide body services beyond the hub.



4.6 Role of Newcastle Airport in the national air freight system

Newcastle Airport will represent a new option for freight forwarders for air freight into and out of Australia. Freight forwarders are not in the least parochial about which airport cargoes fly from and routinely road transport cargoes up and down the East Coast of Australia in order to access the air freight capacity they need at a competitive price.

Competitive strengths and role per airport

Airport	Competitive strengths and role
Sydney Airport (SYD)	<ul style="list-style-type: none"> • The incumbent leading airport for air freight in Australia. • Mature aviation services and network including freighter operations. • Established freight and logistics premises. Key stakeholders have invested capital in their premises and may prioritise direction of cargoes through their own facilities in order to generate return on investment.
Western Sydney International (WSI)	<ul style="list-style-type: none"> • Availability of developable land. • Keen focus on freight and logistics. • Likely to attract capital. • Close to existing freight and logistics premises on the south-western side of the city. • Good road connectivity.
Melbourne Airport (MEL)	<ul style="list-style-type: none"> • Mature aviation services and network including freighter operations. • Established freight and logistics premises.
Toowoomba Wellcamp Airport (WTB)	<ul style="list-style-type: none"> • Established wide body freighter service. • Domestic passenger services. • Services Brisbane and South East Queensland's freighter needs.
Brisbane Airport (BNE)	<ul style="list-style-type: none"> • Mature aviation services and network, including wide body passenger services, however without wide body freighter serving the general air freight sector. • Established freight and logistics service providers.
Gold Coast Airport (OOL)	<ul style="list-style-type: none"> • Emerging international airport with narrow body international passenger services.
Newcastle Airport (NTL)	<ul style="list-style-type: none"> • Emerging international airport with a light schedule of international wide body and narrow body passenger services. • No established logistics service providers or premises. • Another way into and out of the Sydney basin, with useful frequency however without wide body freighter capabilities in the short to medium term. • Unclear value proposition for dedicated freighter aircraft on a scheduled basis.
Sunshine Coast Airport (MCY)	<ul style="list-style-type: none"> • Emerging international airport with light schedule of narrow body passenger services predominantly to New Zealand. • No established logistics service providers or premises.

4.7 Hunter Region air freight value chain: constraints and gaps

Low initial cargo volumes constrains the likelihood of commercial investment in cargo terminal and freight forwarder operations at Newcastle Airport, leaving the air services without a critical supporting value chain.

The Hunter Region is close to Sydney Airport and has an established import and export community using both air and sea freight. The addition of air freight services at Newcastle Airport offers these users another route to market, however introduces some risk in terms of new and unproven service providers and transport arrangements.

The local freight forwarder community does not have specific air freight handling capabilities or licencing, and major international forwarders don't have operations within the Newcastle Region. This means that while local importers and exporters may be willing to use air freight services at Newcastle Airport, the necessary value chain is not in place.

Large international forwarders control much of the region's export cargoes and manage risk and increase yield by channelling these cargoes through their own premises in Sydney.

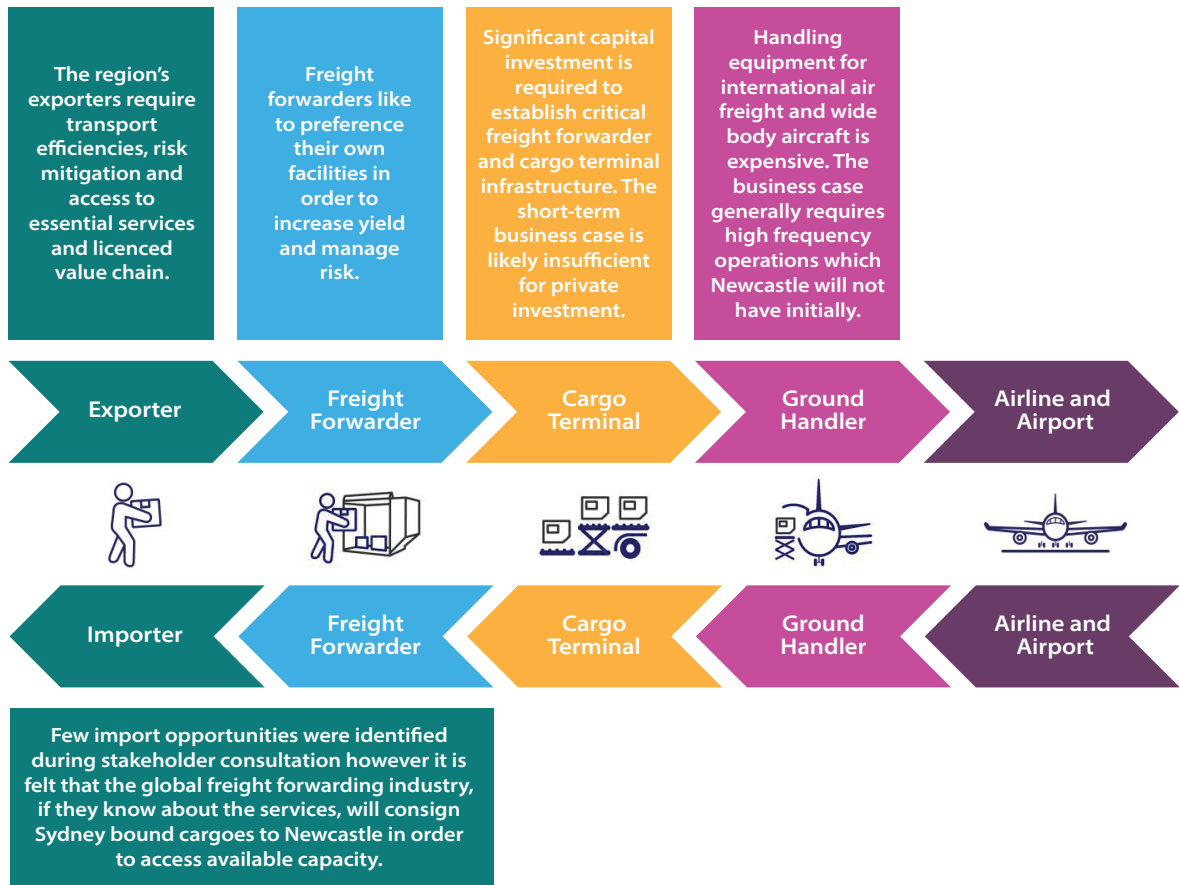
Forwarders require a compelling commercial reason to use new air services and to invest in the region's value chain, especially as they currently achieve revenues from the regions' cargoes through their Sydney and Brisbane facilities.

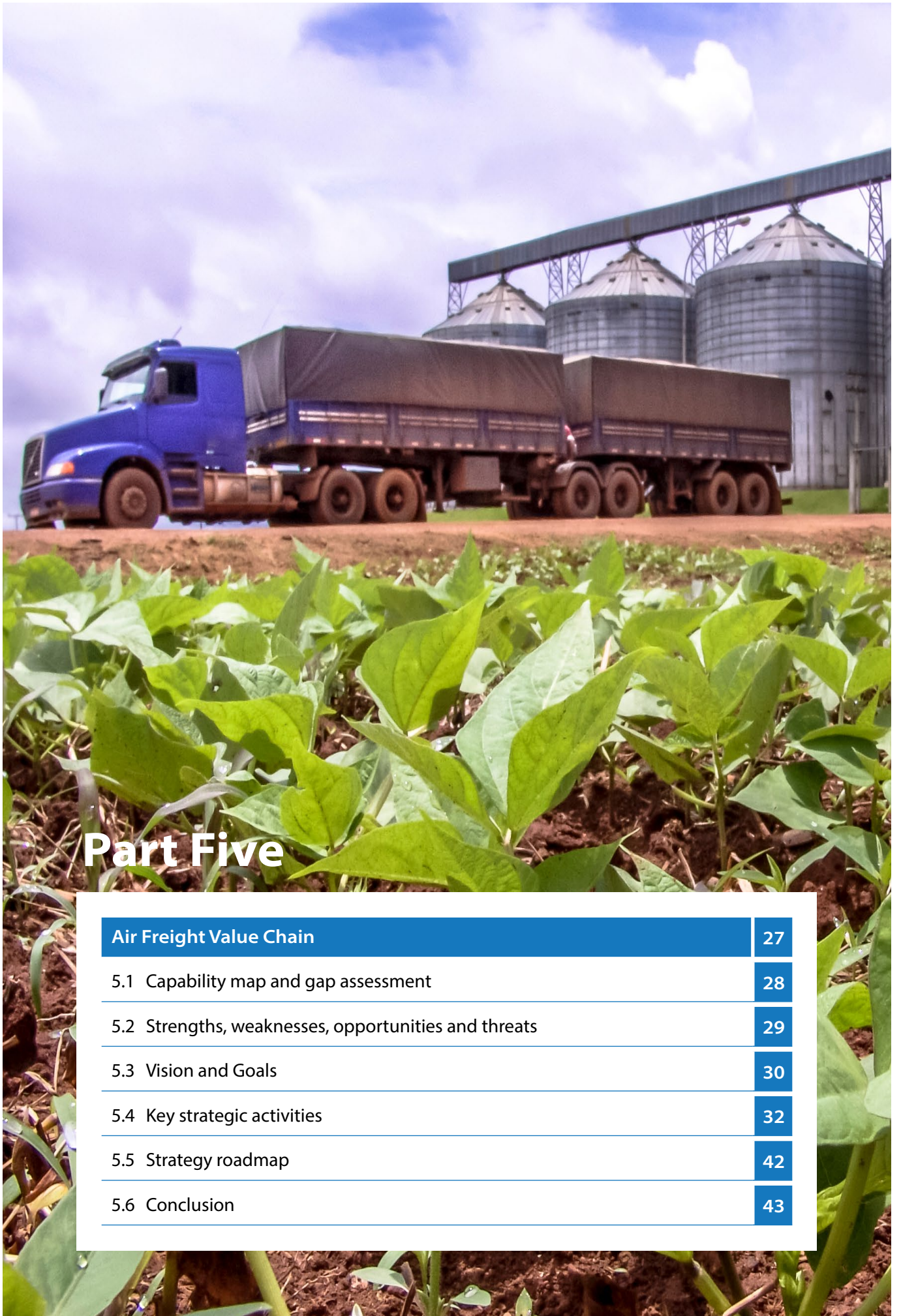
Given that up until now, Newcastle Airport has not had international freight capabilities, no international, licenced air cargo terminal exists on the airport. This is a critical piece of infrastructure in the value chain. Additionally, the handling equipment for large wide body aircraft does not exist on site.

Air cargo volumes at Newcastle Airport will grow over time, however in the early days of the international air services schedule, it is unlikely that there will be sufficient revenue opportunities to drive a decision by either freight forwarders or cargo terminal operators to undertake capital investment required to establish licenced facilities. This represents a serious constraint and threat to the region's ability to benefit from the air cargo capabilities offered by international carriers. It also presents a threat to the ongoing viability of such air services given the importance of air cargo revenue as part of the overall aviation business case.

Additionally, the establishment of a new import and export capability at Newcastle Airport will likely disrupt well established road transport efficiencies. In order to successfully win business from established large volume exporters, it will be essential that Newcastle Airport can offer similar transport efficiencies to those which are currently available through Sydney and Brisbane airports.

Air Freight Value Chain





Part Five

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Air Freight Value Chain

5.1 Capability map and gap assessment

The air freight value chain at Newcastle lacks key licences and operational capabilities which are essential for local exporters and importers to use the international air freight capabilities to be developed at the airport. Without these capabilities, international cargoes cannot be loaded to aircraft at Newcastle Airport.

	Regulatory requirements gap analysis	Current Status	Operational requirements and constraints	Current Status
Exporter / Importer	Known consignor	Green	Cost efficiencies in road transport options to and from airport	Pink
	Export programmes for prescribed goods	Green		
	Australian trusted trader	Green		
Freight forwarders	Regulated Air Cargo Agent	Pink	Cargo security screening equipment	Pink
	Export programmes for loading to ULD of Prescribed goods	Pink	Confidence in handling of perishables	Pink
	Import biosecurity risk approved arrangements	Pink	Cold storage	Orange
	77G Depot	Pink	Dry ice	Green
	Australian trusted trader	Orange	Suitable scales and aircraft unit load devices	Orange
Other value chain	Biosecurity waste services	Green	Roll deck road transport	Orange
	Quarantine wash bay approved arrangement	Green		
	Fumigation approved arrangement	Green		
	Live export quarantine facilities	Pink		
	ITAR compliant facilities	Pink		
Cargo terminal	Regulated air cargo agent	Pink	Cold storage	Pink
	Export programmes for the handling and storage of prescribed goods	Pink	Dangerous goods storage	Pink
	Import biosecurity risk approved arrangements	Pink	Air cargo handling equipment and storage	Pink
	77G	Pink	Scale suitable for road pallets and loose cargoes and aircraft unit load devices	Pink
	Cargo terminal operator	Pink		
Ground handler			Aircraft ground services equipment suited to wide body fleet in operation	Pink
			Specific staff training requirements	Pink
			Sufficient space on the aircraft bay for safe operations.	Orange
Airport	Permission to land international aircraft and discharge and load international air cargoes at the airport	Orange	Air side road to connect cargo terminal with international passenger aircraft bays	Pink
	First port of entry status under the Biosecurity Act	Orange	Suitable parking and aircraft movement infrastructure	Orange
	Airport must be Gazetted as a place of Import / Export under s15 of the Customs Act 1901	Orange	Land suitable for the development of services like cargo terminal	Orange

Green Capability sufficient to support initial access to international air freight operations at Newcastle Airport

Orange Capability exists but will require enhancement to unlock long term benefits, or, under development

Pink Capability does not exist in the region

5.2 Strengths, weaknesses, opportunities and threats

Strengths, weaknesses, opportunities and threats have been categorised into three key themes. A summary is provided below:

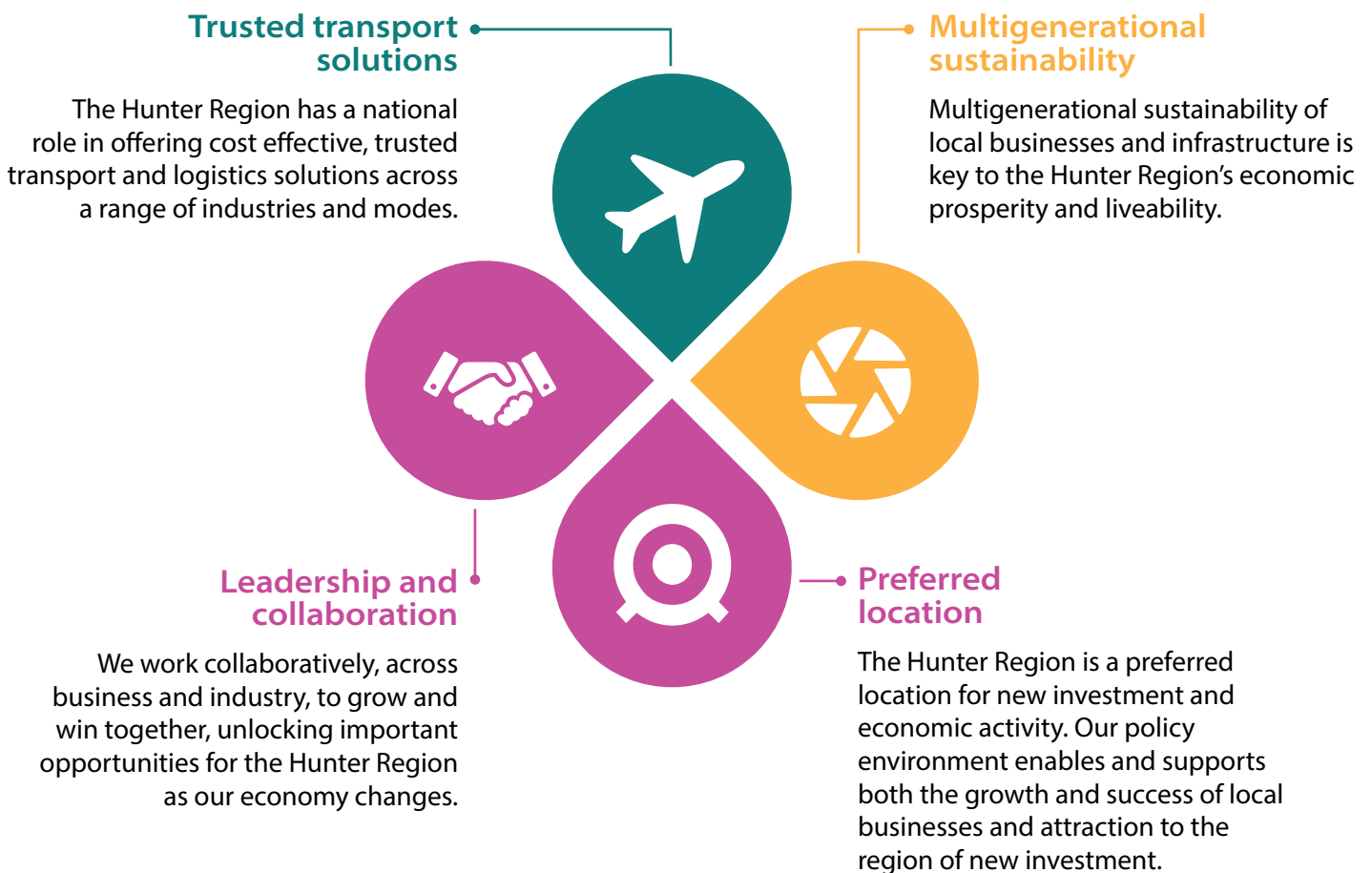
	Infrastructure & Value Chain Hard infrastructure such as roads and airports, and services essential to the operation of an intact air freight value chain (like freight forwarders).	Trade and Economy Characteristics of the local economy and trade, such as existing and future industries.	Business Environment Policy settings, planning and business culture within the region, such as development approval process and degree of regional leadership and collaboration.
Strengths	<ol style="list-style-type: none"> 1. Major airport and regional airports sufficient to support growth and community needs for some time. 2. Emerging scheduled wide body airline capacity for freight. 	<ol style="list-style-type: none"> 1. Strong regional economy. 2. Existing exporters in perishables, health, defence. 3. World class METS capabilities. 4. Proximity to Sydney. 	<ol style="list-style-type: none"> 1. Astra Aerolab. 2. Strong regional quality, start up and innovation culture.
Weaknesses	<ol style="list-style-type: none"> 1. Lack of air freight value chain infrastructure and service providers. 2. Smaller airports struggling with sustainability. 	<ol style="list-style-type: none"> 1. Lack of a unifying regional narrative or collaborative approach. 2. Difficulty for local businesses in accessing capital. 	<ol style="list-style-type: none"> 1. Planning and policy settings are not supportive of investment attraction or local business growth.
Opportunities	<ol style="list-style-type: none"> 1. Position airport cargo handling providers as best in class. 2. Attraction of freight forwarding and logistics industry. 	<ol style="list-style-type: none"> 1. New manufacturing industries such as FMCG, pharmaceuticals, food, green energy technologies, defence. 2. Target Sydney cargoes. 	<ol style="list-style-type: none"> 1. Develop a collaborative, cohesive approach to local capability development and diversification.
Threats	<ol style="list-style-type: none"> 1. Western Sydney International. 2. Embedded efficiencies and trust in current way of doing things. 3. Encroachment upon regional airports by incompatible development. 	<ol style="list-style-type: none"> 1. Embedded efficiencies and trust in current way of doing things. 2. Loss of essential aviation infrastructure for communities. 3. Aerospace workforce development pipeline under threat. 	<ol style="list-style-type: none"> 1. Red tape in the way of investment attraction and development approvals.

5.3 Vision and goals

The Hunter Global vision for the region is:

The Hunter Region is a globally connected and economically prosperous city-region, recognised as a key international gateway, providing its communities with a vibrant and unique lifestyle.

Achievement of the vision is supported through four strategic goals:



Vision and Goals were developed following extensive engagement with regional stakeholders at a series of workshops and 1:1 engagement activities. The below comments capture some of the key themes and hopes for the future.

“A planning and policy environment which supports investment attraction and the growth and success of local businesses.”

“Cost efficient, licenced, trusted multimodal transport and logistics industry and perishables handling.”



“Multigenerational sustainability.”








“Industry and investment is attracted to our region.”

“Increased collaboration across the regional business sector.”

“Local businesses can access the capital required to take part in the growth to come.”

5.4 Key Strategic Activities

Short and long-term strategic activities are aligned with the Strategic Goals and linked closely to the themes from the strengths, weaknesses, opportunities and threats assessments.

SWOT Theme	Key Strategic Activity		Strategic Goal
	Short Term Immediate - 5 years	Long Term 3 years plus	
 Infrastructure and Value Chain	<p>1.0 Resolve capability gaps within the air freight value chain.</p> <p>2.0 Support utilisation of Hunter Region's air services.</p>	<p>3.0 Grow the Hunter's transport and logistics offering.</p>	 TRUSTED TRANSPORT SOLUTIONS The Hunter Region has a national role in offering cost effective, trusted transport and logistics solutions across a range of industries and modes.
 Trade and Economy	<p>4.0 Protect and support the long-term role and value of regional airports.</p> <p>5.0 Support local businesses through change.</p>	<p>6.0 Build, diversify and strengthen the regional economy.</p>	 MULTIGENERATIONAL SUSTAINABILITY Multigenerational sustainability of local businesses and infrastructure is key to the Hunter Region's economic prosperity and liveability.
 Business Environment	<p>7.0 Establish an organisation to lead regional collaboration.</p> <p>8.0 Optimise the business policy environment to ensure strategic outcomes are supported.</p>	<p>9.0 Business environment pulse check.</p>	 LEADERSHIP AND COLLABORATION We work collaboratively, across business and industry, to grow and win together, unlocking important opportunities for the Hunter Region as our economy changes.
			 PREFERRED LOCATION The Hunter Region is a preferred location for new investment and economic activity. Our policy environment enables and supports both the growth and success of local businesses and attraction to the region of new investment.



1.0 Resolve capability gaps within the air freight value chain.

This key strategic activity is aligned with the Strategic Goal of Trusted Transport Solutions. The need for this activity was identified in the Infrastructure and value chain SWOT, which identified the absence of a functioning air freight value chain within the Hunter Region as a strategic weakness.

A functioning air freight value chain is essential to support the loading and unloading of international air freight at Newcastle Airport. Currently, this value chain is not in place at Newcastle. To support establishment of a working air freight value chain to support the Hunter Region in using air freight capabilities at Newcastle Airport, the following actions are recommended:

1.1 Fund and construct a cargo terminal at Newcastle Airport.

Immediate
2026

1. Analysis of value chain capability indicated that there are no air freight handling facilities capable of supporting international air freight movements at Newcastle Airport.
2. This critical capability must be provided so that Hunter Region importers and exporters can use the air freight services at Newcastle Airport.
3. Provision of cargo terminal infrastructure on a commercial basis is likely to be challenging given small initial volumes and a weak commercial business case.
4. Key stakeholders should work together to attain funding for this essential infrastructure project.
5. Following funding, a cargo terminal which meets the operational needs of the Hunter Region should be constructed.
6. A major risk for this Action is the failure to attract funding for a cargo terminal. This will potentially marginalise the commercial viability of international airline services at Newcastle Airport.

1.2 Fund and construct air side road infrastructure at Newcastle Airport.

Immediate
2026

1. It is essential to make provision for the movement of cargoes between the cargo terminal and the aircraft parking bays.
2. Currently, a suitable road to support this movement does not exist.
3. Key stakeholders should work together to attain funding for this essential infrastructure.
4. Following funding, a suitable road should be constructed to connect the aircraft bays and the cargo terminal.
5. A major risk for this Action is the failure to attract funding for the airside road. This will result in poor efficiencies in cargo handling at Newcastle Airport, placing in jeopardy the ability for the airport to support regional importers and exporters with best in class cargo capabilities and first and last mile efficiencies.

1.3 Finalise international designation of Newcastle Airport.

Immediate
2026

1. The handling of international cargoes at Newcastle Airport is dependent upon the airport and aircraft operators achieving necessary permissions from the Australian Government. This will involve changing the international designation of the Airport to support the loading and discharge of international cargoes at the airport.
2. Where the change in international designation will result in a change to the level of Border Agency resourcing at the airport, this may require a test against the National Interest. This process can be time consuming and expensive.
3. Hunter JO should support NAPL through advocacy, and if an extensive business case is required by Border Agencies, then through the attainment of funding for the preparation of the business case and the necessary support and resources which the airport will need to navigate the process of updating the International Designation status.
4. A major risk to this action is the failure to achieve necessary international operating permissions from the Australian Government. This will potentially marginalise the commercial viability of international airline services at Newcastle Airport, and place into jeopardy the region's ability to derive economic gains from already committed Commonwealth funding in infrastructure upgrades at Newcastle Airport.

A cargo terminal is critical enabling infrastructure

Establishing a cargo terminal at Newcastle Airport will resolve many value chain deficiencies and barriers, enabling the region to unlock the value of international air freight capabilities.

	Regulatory requirements gap analysis	Current Status	After provision of cargo terminal	Operational requirements and constraints	Current Status	After provision of cargo terminal
Exporter / Importer	Known consignor	Green	Green	Cost efficiencies in road transport options to and from airport	Pink	Pink
	Export programmes for prescribed goods	Green	Green			
	Australian trusted trader	Green	Green			
Freight forwarders	Regulated Air Cargo Agent	Pink	Green	Cargo security screening equipment	Pink	Green
	Export programmes for loading to ULD of Prescribed goods	Pink	Green	Confidence in handling of perishables	Pink	Orange
	Import biosecurity risk approved arrangements	Pink	Green	Cold storage	Orange	Green
	77G Depot	Pink	Green	Dry ice	Green	Green
	Australian trusted trader	Orange	Orange	Suitable scales and aircraft unit load devices	Orange	Green
Other value chain	Biosecurity waste services	Green	Green	Roll deck road transport	Orange	Orange
	Quarantine wash bay approved arrangement	Green	Green			
	Fumigation approved arrangement	Green	Green			
	Live export quarantine facilities	Pink	Orange			
	ITAR compliant facilities	Pink	Orange			
Cargo terminal	Regulated air cargo agent	Pink	Green	Cold storage	Pink	Green
	Export programmes for the handling and storage of prescribed goods	Pink	Green	Dangerous goods storage	Pink	Green
	Import biosecurity risk approved arrangements	Pink	Green	Air cargo handling equipment and storage	Pink	Green
	77G	Pink	Green	Scale suitable for road pallets and loose cargoes and aircraft unit load devices	Pink	Green
	Cargo terminal operator	Pink	Green			
Ground handler				Aircraft ground services equipment suited to wide body fleet in operation	Pink	Pink
				Specific staff training requirements	Pink	Pink
				Sufficient space on the aircraft bay for safe operations.	Orange	Orange
Airport	Permission to land international aircraft and discharge and load international air cargos at the airport	Orange	Orange	Air side road to connect cargo terminal with international passenger aircraft bays	Pink	Green
	First port of entry status under the Biosecurity Act	Orange	Orange	Suitable parking and aircraft movement infrastructure	Orange	Orange
	Airport must be Gazetted as a place of Import / Export under s15 of the Customs Act 1901	Orange	Orange	Land suitable for the development of services like cargo terminal	Orange	Orange

Green Capability sufficient to support initial access to international air freight operations at Newcastle Airport

Orange Capability exists but will require enhancement to unlock long term benefits, or, under development

Pink Capability does not exist in the region



Infrastructure
and Value
Chain

2.0 Support utilisation of Hunter Region’s air services.

This key strategic activity is aligned with the Strategic Goal of Trusted Transport Solutions. The need for this activity was identified in the Infrastructure and value chain SWOT, which identified the opportunity to ensure success of emerging air services.

Overcoming industry inertia, and communicating new capabilities to a diverse, multi stakeholder market will be key to ensuring commercial success, and therefore, retention of emerging international services at Newcastle Airport. These actions are intended to assist the Hunter Region in retaining international air services by ensuring their commercial performance for airline partners.

2.1 Support Newcastle Airport business development.

2024 - 2029

1. Significant inertia, self-interest, and trust in the current route to market will complicate the entry to market of new air freight services at Newcastle Airport.
2. The required initial business development push required to support establishment of the services in the market is anticipated to take between 3 and 5 years post commencement of air services.
3. This business development push will require resourcing which airports don't typically need to provide in more established market places, as the airport seeks to influence market behaviour away from more established practices and competitors.
4. Stakeholders should work together to acquire funding which will support Newcastle Airport in the provision of required business development resources.
5. This activity should commence when an airline makes a commitment to the allocation of wide body passenger fleet to Newcastle Airport.
6. Specific activities should include:
 - Working with freight forwarders to position the new services as an opportunity for them to better service their clients, understanding and responding to their needs and concerns in real time.
 - Working alongside the airline sales team to promote the new capabilities to the freight forwarders, host visits to cargo terminal facilities and aircraft and to develop operational responses to specific concerns (such as redundancy planning).
 - One to one business development approach targeted at key shipper groups, as outlined on Page 13 Air freight opportunities, including researching specific target clients, tours of cargo terminal facilities and aircraft.
 - Events and communications targeted at existing shippers and freight forwarders, including business network events, grand opening of cargo terminal and stories of early use case scenarios which help to provide proof of concept, and to build trust within the freight and logistics community.
 - Providing information to Newcastle Airport around new business opportunities which are arising within the Hunter Region as new businesses establish themselves and relocate to the Region.
 - Liaison with key stakeholders within the Defence logistics community about their needs.

Enlist the support and capabilities of State and Commonwealth level trade development teams. In particular, Austrade's in country teams to identify potential import cargo targets

2.2 Provide subsidy to ameliorate road transport inefficiencies.

Commencement
of air services
to 2027

1. New air cargo operations located close to established air cargo operations are disadvantaged by industry inertia and satisfaction with the current route to market.
2. The current route to market will benefit from significant embedded efficiencies.
3. Breaking away from the current route to market will increase cost and reduce operational efficiencies, while contributing to the perception of greater risk, for the shipper and their freight forwarding agent. These sentiments will form a barrier to using new air freight services at Newcastle Airport.
4. Key stakeholders should work together to identify how a road transport subsidy may be used to alleviate this barrier and encourage adoption of the new route to market by compensating for increased costs, and perceived risk, through an early period of behavioural change of around 3 years.
5. The subsidy may require funding.



Infrastructure
and Value
Chain

3.0 Grow the Hunter’s transport and logistics offering.

This key strategic activity is aligned with the Strategic Goal of Trusted Transport Solutions. The need for this activity was identified in the Infrastructure and value chain SWOT, which identified the opportunity to leverage multi modal capabilities across the Port and Airport to position the Hunter Region as offering a national role in transport and logistics, with trusted transport solutions.

3.1 Attract freight forwarders to establish in the region.

2026 - 2030

1. After the TEU cap is removed, and international air freight services are in place, opportunity exists to try to attract investment to the region from the freight forwarding and logistics community.
2. Having local offices of multi national forwarders will deepen the Hunter’s international logistics capability, support industry and investment attraction amongst businesses with complex international logistics needs, and best leverage emerging transport strengths.
3. Work with regional economic development to assemble an information package for the freight forwarding and logistics community, outlining emerging opportunities and economic strengths across the region, logistics capabilities across rail, sea, air and road, and recent cargo success stories featuring customers from across the region and across all modes.
4. Promote directly to industry through industry publications and events managed by organisations like Freight and Trade Alliance.
5. Ensure the region is well positioned in the eyes of the freight and logistics industry, as an emerging opportunity.
6. Timing should be strategically distanced from the large amount of messaging which will surround commencement of activities at Western Sydney International.

3.2 Attract E-commerce distribution centre.

2026 - 2030

1. As air freight services and connectivity grow, seek to engage with the e-commerce industry, and with the property sector which underpins it (companies like Goodman).
2. Identify key criteria for the selection of a region for the location of a distribution centre, and consider either progressing the idea, or pushing it back a few more years subject to the suitability of local aviation connectivity and the relative maturity of other technologies which will operate in the first and last mile space in the e-commerce sector.

3.3 Develop wide body capacity to the US.

2026 - 2030

1. Following commencement of international services, track overall passenger demand to the USA, and seek an opportunity to approach an airline for direct services, using either narrow body or wide body aircraft.
2. Alternatively, seek allocation of wide body aircraft on the NTL AKL route to better support cargo connectivity to the USA.
3. A risk for this action is that the passenger business case is not strong enough to support establishment of this route using wide body fleet. The option should not be pursued if sufficient business case does not evolve.



4.0 Protect and support regional airports.

This key strategic activity is aligned with the Strategic Goal of Multigenerational sustainability. The need for this activity was identified in the Infrastructure and value chain SWOT, which identified the current and future importance of regional airports, as well as their current state of vulnerability due to encroachment and challenges around cash flow and commercial viability.

4.1 Attract training, aerospace and defence investment.

Immediate
2028

1. Work with regional economic development personnel to position the region's airports as suitable locations for various parts of the aerospace and defence sector, particularly small aircraft maintenance, and technical and pilot training.
2. Explore whether Commonwealth funding intended for the development of Australia's sovereign defence capability may hold options for developing the defence and defence supply chain relevance and appeal of these aerodromes, especially for development of remotely crewed platforms with both civil and defence applications.
3. Potentially, other, similar activities may be squeezed from facilities closer to Sydney, or Brisbane, and may be attracted to the lower land costs and improved liveability of the Hunter.

4.2 Prepare for coming technological changes.

Immediate
2030

1. Ensure that all regional airports have appropriate planning in place to ensure that long term facility planning considers emerging aircraft types and fuels. Where strategic master planning has not occurred for these airports, their owners should consider undertaking this future proofing exercise.
2. Develop a regional centre of knowledge to ensure sufficient monitoring of emerging aircraft types and the future opportunities they may present to the Hunter Region, including intra-regional connectivity. This may take the form of a regional level steering or advisory committee to ensure sharing of information as the sector develops.

4.3 Protect regional airport's viability.

Immediate
2024

1. Ensure that local government stakeholders, throughout council executive, and at the Councillor and Mayoral level, have a good understanding of the current and future value and role of regional airports and why they deserve to be protected.
2. Ensure that all planning schemes adequately protect airports from incompatible development, elevating them as a strategic asset where appropriate.
3. Ensure that regional airports are well represented and adequately resourced to present their needs to Air Services Australia when airspace redesign is occurring, and that the value and importance of these airports is properly represented through redesign of their operational airspace to accommodate other aviation users.

4.4 Secure the long-term future of Cessnock Airport.

Immediate
2024

1. The preservation of operational capacity at Cessnock Airport appears to be of particular importance to the region. As other airports may experience challenges with urban encroachment and viability, this facility appears less burdened by encroachment and able to accommodate future growth in general aviation.
2. Support Cessnock City Council in understanding the value of the airport to the long term social and economic wellbeing of the region, and to explore operational arrangements which might align with council's needs, such as private operation of the airport by a suitably qualified and funded organisation.

4.5 Leverage transport hub at Taree Airport.

Immediate
2028

1. Identify for MidCoast Council that an opportunity may exist to strategically align the planned road transport project at Taree Airport with the flow of international cargoes to Newcastle Airport. Connect with NAPL business development, and the forwarders representing key shippers for further exploration.

4.6 Seek attraction of an RFDS base.

Immediate
2028

1. Identify a regional airport which would be a suitable home for a Royal Flying Doctor Service base for the Hunter Region, and approach RFDS and State Government with view to having a base established in the region.



5.0 Support local businesses through change.

This key strategic activity is aligned with the Strategic Goal of Multigenerational sustainability. The need for this activity was identified in the Infrastructure and value chain SWOT, which identified that while regional local businesses see opportunity, some will struggle to capture emerging opportunities for a variety of reasons.

5.1 Help local businesses in their transition.

Immediate
2028

1. Work with regional economic development personnel to position the region's airports as suitable locations for various parts of the aerospace and defence sector, particularly small aircraft maintenance, and technical and pilot training.
2. Explore whether Commonwealth funding intended for the development of Australia's sovereign defence capability may hold options for developing the defence and defence supply chain relevance and appeal of these aerodromes, especially for development of remotely crewed platforms with both civil and defence applications.
3. Potentially, other, similar activities may be squeezed from facilities closer to Sydney, or Brisbane, and may be attracted to the lower land costs and improved liveability of the Hunter.

5.2 Local business education programme.

From when
an airline
commits the
wide body
service -
+3 years
from then

1. New international connectivity represents a range of emerging opportunities to regional businesses. However, international trade is a complex environment and businesses who have not engaged in international trade would benefit from education programmes with key people to understand what the emerging opportunities are, how to go about positioning for and capturing new international opportunities, potential risks, and other resources and tools to access on the journey.
2. A business education programme should be established to help regional businesses, and to share key information about new capabilities at Newcastle Airport.
3. Funding may need to be sought for the development and roll out of an impactful programme over several years.

5.3 Local business investment fund.

Immediate
2028

1. Local businesses positioning for new opportunities, and for change, may struggle to access the capital required to adapt or scale their operations in response to emerging opportunities.
2. Develop a local business investment fund to help businesses impacted by the coal industry slow down to enter into new opportunities such as Defence and Aerospace, Renewable Energies and Advanced Manufacturing.
3. The investment fund may involve public funds, or may bring together investors and businesses.
4. Defence prime contractors may also invest in local capacity building in order to support the development of their own local supply chain.
5. Existing work in the Hunter Venture Fund may be broadened in order to support these outcomes, however currently the Hunter Venture Fund has a seed funding focus.



Trade and Economy

6.0 Build, diversify and strengthen the regional economy.

This key strategic activity is aligned with the Strategic Goal of Multigenerational sustainability. The need for this activity was identified in the Infrastructure and value chain SWOT, which identified a range of current capabilities and neighbouring opportunities which might be able to be attracted to the Hunter Region, complimenting air service development and strengthening and diversifying the regional economy.

6.1 Attract complimentary industry to the region.

2026 - 2030

1. Opportunities to attract complimentary industry in the region are drawn both from the specific strengths of the region, and its natural industry clusters, but also given the proximity of the region to Sydney, and the likelihood that some larger, "dirtier" industries, and those requiring large amounts of land, will increasingly be pushed out of cities like Sydney, towards adjoining regions.
2. In the Hunter, these industries benefit from more space, an excellent energy distribution system, emerging international logistics capabilities, lower land costs and improved ability to attract and retain staff given the liveability and compared to Sydney, affordability, of the region.
3. Work with regional economic development organisations such as Regional NSW, Investment NSW and economic development functions within each LGA, to identify clear leadership and responsibilities within investment attraction, and a united regional narrative.
4. Together identify industries which compliment the vision for the future of the region, and which help to underpin the success of air services, with both passengers and air cargoes.
5. Industries which appear to be complimentary include defence and aerospace manufacturing and training, pharmaceutical and fast-moving consumer goods manufacturing, food manufacturing, and renewable energies componentry manufacturing.
6. A risk to this action is the presence of planning and policy barriers which make it difficult to complete a deal transaction within an acceptable commercial time frame. It is important to address policy and planning barriers as discussed in Action 8.1, before investing heavily in this approach.



Business Environment

7.0 Establish an organisation to lead regional collaboration.

This key strategic activity is aligned with the strategic goal of leadership and collaboration. The need for this activity was identified in the Business Environment SWOT, which identified that while there are numerous business organisations within the Hunter Region, they tend to be siloed and are not currently functioning to facilitate collaboration in support of capturing the new opportunities posed by the airport's international air services.

7.1 Establish an organisation to lead regional collaboration.

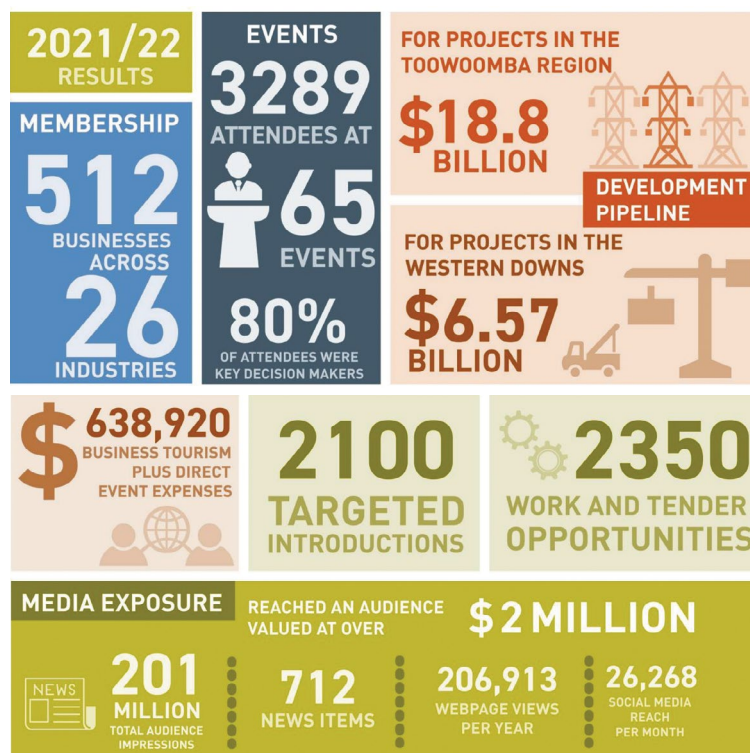
Immediate
2024

1. Complete a regional audit of existing organisations in order to identify whether a suitable organisation already exists.
2. If it is concluded that no suitable organisation exists, a decision is required around what the role and capabilities of the new organisation should be. Some of the initiatives within this strategy might be suitable activities for such an organisation.
3. Decisions are required around operating structure and funding arrangements.
4. A short discussion around the organisation Toowoomba and Surat Basin Enterprises is provided on the next page as a potential model which has offered similar outcomes with great success in the Toowoomba Region.
5. Seek expressions of interest from key business leaders in order to progress the discussion.
6. The organisation should seek to support intra-organisational collaboration and the sharing of ideas and business intelligence between business organisations and government organisations.

Toowoomba and Surat Basin Enterprise (TSBE)

TSBE is an independent, business-driven advocacy organisation focused on linking business with opportunity and ensuring the region enjoys sustainable economic growth into the future. The model holds significant relevance for the Hunter Region's business community.

- TSBE membership is largely made up of businesses, who pay varying degrees of membership fees for varying levels of support.
- When founding TSBE in 2012, Toowoomba Region used it as a way to outsource some economic development activities traditionally undertaken by council.
- Today, other LGA's are also members and use TSBE in a similar way.
- However, TSBE remains independent, and the voice of business. It is a tool to empower the business community to collectively drive, inform and advocate across all levels of Government, for policy which supports economic development and business growth, linking businesses to opportunity and supporting investment attraction to the region.
- TSBE holds a variety of business networking and other events, including education and trade development.
- TSBE played a significant role in supporting Toowoomba Wellcamp Airport with trade development and local exporter education and capacity building in response to the development of the airport's passenger and international air freight services. TSBE organised several trade delegations to key destination countries such as to China.
- TSBE focuses on specific industry sectors, building deep capability in the sector, supporting investment attraction, and helping smaller businesses to enter the supply chain of larger players. Key sectors include:
 - Energy and infrastructure
 - Agriculture
 - Health
 - Education.
- Initial funding of TSBE was in the vicinity of \$2 million dollars a year. TSBE leveraged this budget, which council would have allocated to in house economic development, membership funding from regional businesses, proceeds from events and various grants. The 2021-22 annual report details total revenue of \$3.8M.



Source: TSBE Annual Report 2021 - 2022



8.0 Optimise business policy environment

This key strategic activity is aligned with the Strategic Goal of Preferred location. The need for this activity was identified in the Business Environment SWOT, which identified that issues related to both a lack of clarity around various State Government initiatives, and to challenges around the transparency and timelines of development approval processes are confounding both development of industrial and commercial land, and completion of a number of investment transactions.

8.1 Optimise the business policy environment to ensure strategic outcomes are supported.

Immediate
to 2027

1. Working with business and investment groups, identify key policy and planning barriers facing business growth and investment in the region. This engagement should include property developers, local businesses seeking to expand, and outside businesses considering (or who have previously considered) investment in the region. Of particular use would be to understand the challenges faced by businesses who have successfully made investments in the region, and those who considered the Hunter Region but then chose to make their investment elsewhere.
2. These barriers might include difficulties around understanding the potential developability of land in the region, or the time and cost involved in gaining development approval, or lack of resolution around State Government initiatives and outcomes such as with the Williamstown SAP.
3. Plan and execute an advocacy program at a State level in order to communicate the challenges and seek support for a resolution. DRNSW may be able to provide support with this.
4. Communicate with local governments around the need to improve transparency and speed in the planning process, how this will affect investment attraction and disadvantage the region, and to explore potential solutions so that the region may become a preferred location for business and investment.



9.0 Business environment pulse check.

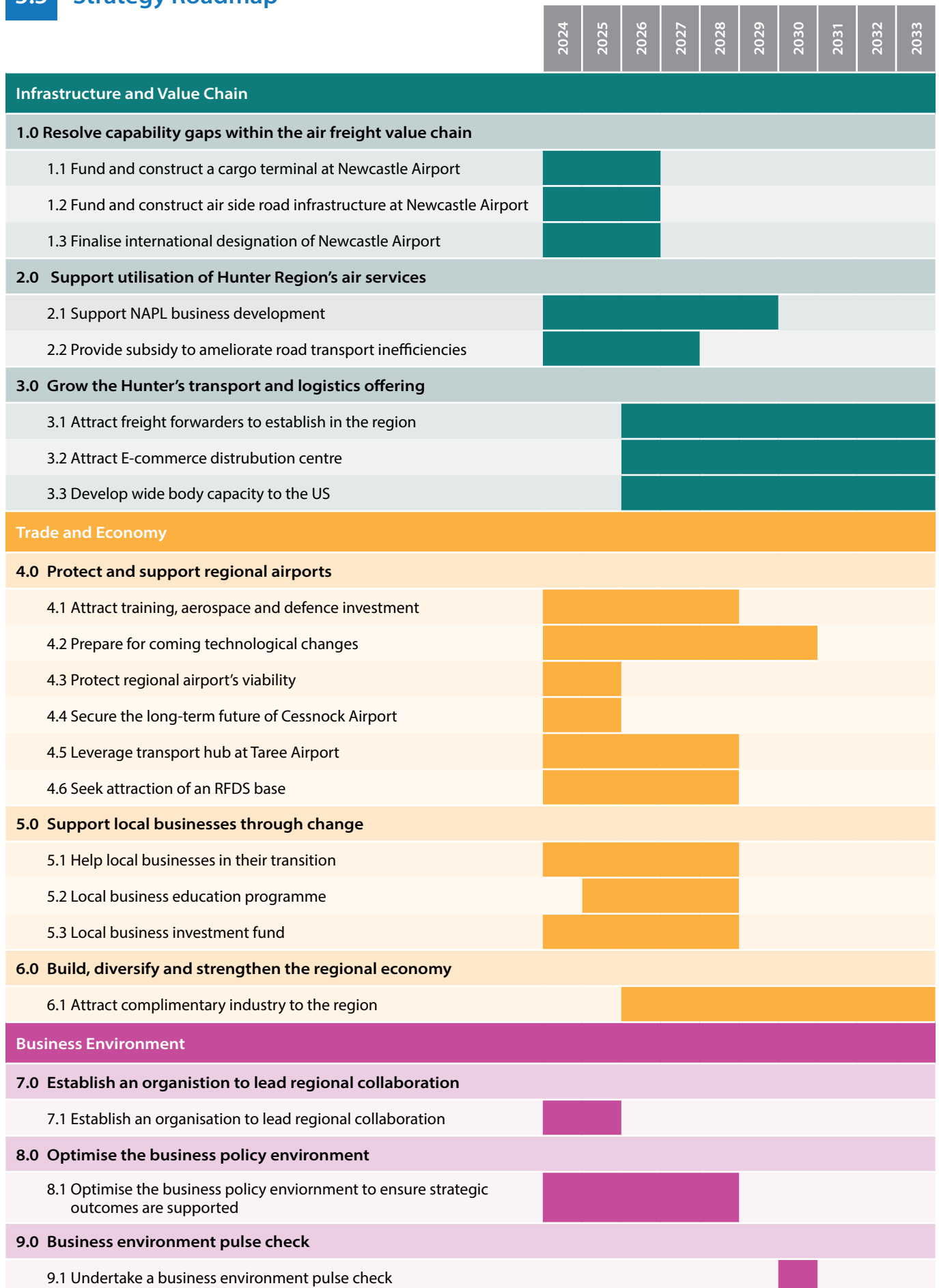
This key strategic activity is aligned with the Strategic Goal of Preferred location. The need for this activity is based upon the normal strategic planning process of reviewing progress through strategic activities, and their impact on the business community, so that the strategy may be further refined and deliver additional benefits / resolve further needs as they arise.

9.1 Undertake a business environment pulse check.

2030

1. Working with business and investment groups, identify key policy and planning barriers facing business growth and investment in the region. This engagement should include property developers, local businesses seeking to expand, and outside businesses considering (or who have previously considered) investment in the region. Of particular use would be to understand the challenges faced by businesses who have successfully made investments in the region, and those who considered the Hunter Region but then chose to make their investment elsewhere.
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4. Communicate with local governments around the need to improve transparency and speed in the planning process, how this will affect investment attraction and disadvantage the region, and to explore potential solutions so that the region may become a preferred location for business and investment.

5.5 Strategy Roadmap



5.6 Conclusion

The Hunter Region is on the cusp of change. As the coal mining industry faces significant headwinds and likely divestment, new opportunities are arising.

Capturing these opportunities requires investment in critical infrastructure and a renewed approach to working collaboratively for the benefit of local businesses, airports, people and communities.

As the coal mining industry faces a slow down, the local economy is working toward diversification. New opportunities are arising in defence and aerospace, advanced manufacturing, renewable energies, fast moving consumer goods, pharmaceutical and food manufacturing.

Recent investments in infrastructure upgrades at Newcastle Airport create new opportunities in terms of international trade. There are strong opportunities in air freight of both import and export products through Newcastle Airport, the unlocking of which holds valuable economic growth and diversification options.

The region's regional airports play a critical role in supporting essential service delivery for communities, and in the development of a skilled workforce for key employers in the defence and aerospace sectors. However, these airports face several challenges with regards commercial sustainability and increasing encroachment.

The Hunter Airports Strategy supports the Hunter Global vision for the region: "The Hunter Region is a globally connected and economically prosperous city-region, recognised as a key international gateway, providing its communities with a vibrant and unique lifestyle."

The Strategy delivers on four strategic goals for the Hunter Region.

1. Trusted transport solutions
2. Multigenerational sustainability
3. Leadership and collaboration
4. Preferred location for new investment.

The consultation undertaken for the Hunter Airports Strategy identified the highest priority investment to unlock the value and opportunity in international air freight for the region is the provision of an air cargo terminal at Newcastle Airport. Further supportive activities will help to ensure success, and participation across the region. However, without essential infrastructure such as an air cargo terminal, no international cargo can be loaded onto aeroplanes at Newcastle Airport.



4 Sandringham Ave, Thornton NSW 2322
02 4978 4020 • admin@hunterjo.com.au
www.hunterjo.com.au