

# THIS IS YOUR NEWCASTLE HOME FOR YOUR FUTURE

Presented by Tu Alcazar

FUTURE  
LEADERS  
PROGRAM

hundertnet  
The power of unity

*We are team Tu Alcazar.*

*An Alcazar is an old complex of beautiful buildings,  
magical courtyards and colourful gardens. It is Spanish  
for castle, fit for royalty.*

*When we think of this picturesque city we live in and the  
people that reside here, there is a strong sense of passion,  
strength and beauty. To find a name that incorporated those  
traits we reflected back to days gone by and also the name  
Newcastle itself.*



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## EXECUTIVE SUMMARY

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The aim of our identity and positioning concept is to build upon the region's current strengths and advantages to engage and unite the stakeholders of the region, including government, academia, business and residents towards a common shared vision for the region.

*Offering an enviable lifestyle, incomparable geographical,  
cultural and economic strengths,*

*Newcastle will be Australia's leader in advanced industry with world  
class capabilities in engineering, innovation and technology.*

Austal Limited ("Austal") is a growing Australian ASX200 listed company that is called upon to establish a significant east coast headquarters in the Port of Newcastle to benefit from this unique opportunity to expand their growth. An East Coast Headquarters or 'castle' located in Newcastle would provide Austal the opportunity to collaborate with local defence prime contractors and a range of other companies and industries to provide complementary benefit, whilst providing Novocastrians a returning global capability to be proud of. Our Strategic Vision is for the establishment of Austal's R&D focussed east coast headquarters to cement Newcastle as a home and platform for advanced industry and engineering.

The implementation and feasibility of Austal's new castle has also been considered and analysed with Dyke Point being selected as the most appropriate site for Austal to locate. The site has sufficient size (47,000m<sup>2</sup>) to accommodate a facility which will be the centrepiece of Austal's R&D program. The commercial terms of lease from Port of Newcastle have been investigated and will include a 5 year rent free period to sweeten the deal.

Two staged options for implementation are proposed. Stage one option is to refurbish the existing facilities on the Dyke Point site which include a 3500m<sup>2</sup> warehouse facility with hardstand in the interim. Stage two option is to construct a purpose-built facility modelled on their Mobile, Alabama facility.

One ASX200 company on its own won't deliver significant economic development in the short term, which is why our positioning concept has been designed to foster a healthy business ecosystem in engineering and defence, but also across advanced industry generally. Another strategic initiative that we will use to enhance this process is the creation and promotion of a global defence and technology industry event - The Newcastle Defence and Technology Conference (**NDTC**).

# 1 INTRODUCTION

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Newcastle has a heavy industrial heritage, perceived externally as a dirty, blue collar, coal city. Featuring the world's largest coal exporting harbour provides for significant economic benefit to not just the region but also to the state, however fuels a negative stigma and brand perception for the broader region.

The people of Newcastle, known as Novocastrians, understand that this is just a small glimpse into the *real* Newcastle and all that the region has to offer.

Newcastle is a lifestyle city. Its people are proud and hard working with a can-do attitude. The region offers extensive unspoiled beaches, beautiful lakes and a picturesque working harbour. Green corridors abound with many walking tracks, vineyards and parks to explore. With the ever-expanding University of Newcastle ("UoN"), innovation, research and development are a growing focus. It has a thriving arts, music, markets, café and restaurant scene. And best of all, short commute times and an affordable cost of living make these advantages easy for Novocastrians to enjoy.

Newcastle's story is not unique. Many cities around the world have demonstrated resilience and adaptability, shaking their industrial brand to become thriving and desirable innovation hubs of the future. Examples of such cities include Eindhoven in the Netherlands and Geelong in Victoria, Australia, each of which turned adversity into opportunity and became the architects of their own futures.

Recognising the economic diversification of the region over recent decades and to attract investment, visitors and new Novocastrians, a clear brand, identity and positioning strategy has been developed for the existing and the new alike to rally behind:

## **THIS IS YOUR NEWCASTLE HOME FOR YOUR FUTURE**

And with this brand is the future positioning concept for the Greater Newcastle region:

*Offering an enviable lifestyle, incomparable geographical,  
cultural and economic strengths,  
Newcastle will be Australia's leader in advanced industry with world  
class capabilities in engineering, innovation and technology.*

## 2 IDENTITY AND POSITIONING CONCEPT

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### 2.1 CONCEPT RATIONAL

*Offering an enviable lifestyle, incomparable geographical, cultural and economic strengths, Newcastle will be Australia's leader in advanced industry with world class capabilities in engineering, innovation and technology.*

Key to the future success of Greater Newcastle is a positioning concept building upon the region's strengths and unique advantages. The positioning concept is to engage and unite all stakeholders of region including academia, multiple tiers of government, business and industry groups and the community, all working towards a shared vision for the region.

Sydney has long overshadowed Newcastle for international investment and by ASX200 listed companies, however this has resulted in pressure cooker congestion, reduced housing affordability, reduced access to services and decreased liveability for its residents.

Only a short two-hour drive from Sydney, and with many underutilised assets, Newcastle is well placed to leverage its strengths and cement its status as a "Second City" thus reducing pressure on its metropolitan counterparts and benefiting the region as a whole.

Key strengths of the region which should be leveraged are the Newcastle lifestyle, geographical advantages, cultural and economic strengths and also advanced industries of the future that will continue to drive the global economy in a period of unprecedented change and advancement.

### 2.2 ENVIABLE LIFESTYLE

*"Greater Newcastle is one of the few places in Australia where the benefits of living in a metropolitan city overlap with coastal, rural and natural environments. Residents can easily access world-class education, national sporting teams, a range of entertainment options and higher-order health services in an urban area interspersed with beaches, bushland, waterways, and open space."* **NSW Government Greater Newcastle Metropolitan Plan 2036**

Enjoying an idyllic climate, Newcastle is one of Australia's most beautiful coastal cities and was ranked as the 5<sup>th</sup> Most Liveable City in the World by the Lonely Planet Guide (2011). Recent public investment of over \$650m with the construction of the Newcastle Light Rail

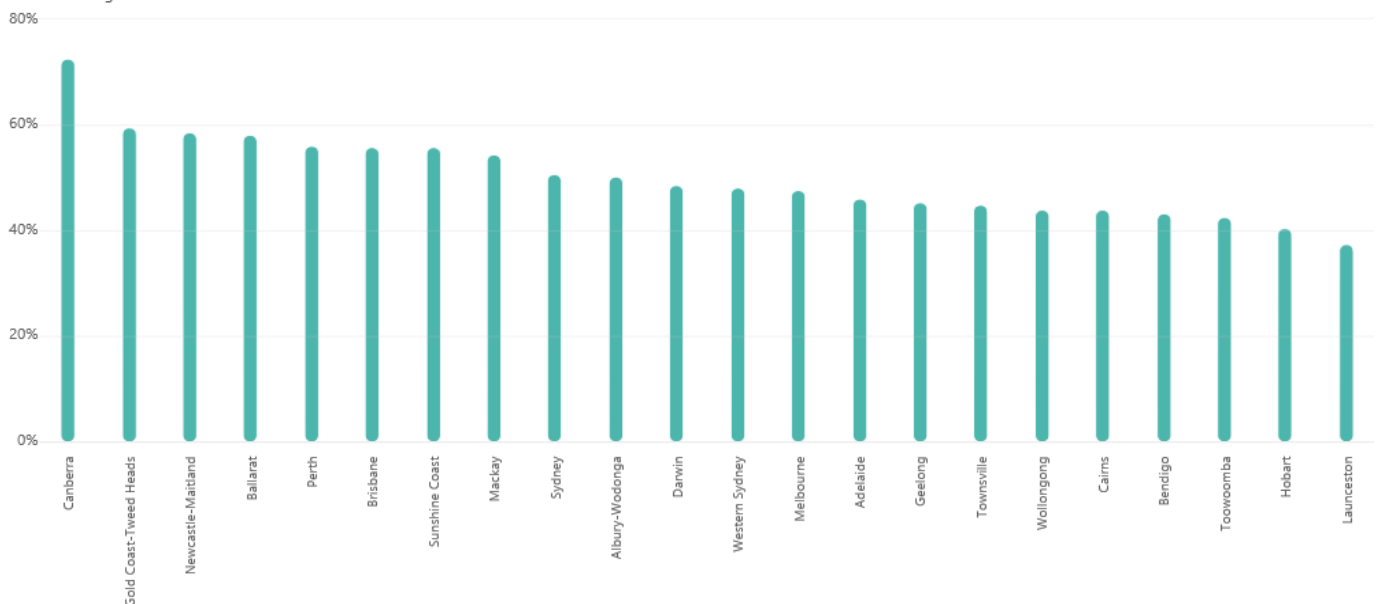
and Newcastle Interchange is connecting the city to the harbour. An expansion of the Greenhills shopping centre brings national retail brands such as David Jones to the suburbs, with even more to follow with the \$700m investment in Newcastle Mall by Iris Capital. This private investment will also deliver national accommodation brands including QT to the east of Newcastle and importantly, increased foot traffic, which will improve security and safety to this location to be enjoyed by families, women and the elderly.

Newcastle also boasts access to a broad range of coast, rural and natural environments including beaches that can be enjoyed for the day without concern for parking meters unlike in Sydney. Open spaces are easily accessible for enjoying with family and for wellbeing benefits, with the Department of Infrastructure, Transport Cities and Regional Development reporting in the National Performance Framework that 58% of residents in Newcastle and Maitland live in dwellings with access to open space, providing space for families and wellbeing.

#### Dwellings with access to public open space ?

Reference period 2018 - NEW!


Share of dwellings



## 2.3 GEOGRAPHICAL ADVANTAGE

The Greater Newcastle region is rich in geographical assets including its 15.2m deep port uniquely linked to rail access, relatively flat topography and an abundance of natural resources including water which means that a larger population can be serviced with only limited additional infrastructure.

The need to diversify the Port of Newcastle is particularly of focus as it is currently utilised to only 50% of its capacity and has a large reliance on coal export. The opportunity to



diversify its use into other industries, particularly agriculture and direct exporting to key trade partners globally and particularly in Asia, is significant.

Newcastle is also home to an expanding airport providing the second international airport for New South Wales. Regular access to major cities such as Brisbane, Sydney and Melbourne and is increasingly becoming a link to international markets for business and tourists alike.

## **2.4 ADVANCED INDUSTRY**

Building upon a long and established history of industry, Newcastle will be Australia's leader in advance industry.

Advanced industries are characterised as research and development ("R&D") intensive, high value add and typically require workers with strong science, technology, engineering and mathematics (STEM) backgrounds.

The Newcastle region is home to the Newcastle Institute for Energy and Resources, CSIRO and Hunter Medical Research Institute. It is also recognised as a hub of defence innovation and development in the Aerospace field and is set to expand further with the development of the Astra Aero lab at Williamstown.

Newcastle has world class capabilities in engineering and innovation. UoN is ranked 8th in the world for Automation and Control Engineering (Shanghai Rankings, 2019) and the soon to be commenced construction of its Innovation Hub will provide a pipeline of skilled workers to support this vision.

Expanding on the growing defence R&D hub within the Hunter region to include maritime would drive synergies and economies of scale within the defence R&D industries, for both domestic defence consumption and high technology export. The critical mass of technology development would quickly spread to other advanced industries.

## 2.5 VISUAL REPRESENTATION

Newcastle's brand for the future is: **THIS IS YOUR NEWCASTLE  
HOME FOR YOUR FUTURE**

In developing the brand, research was undertaken into the attributes of a successful city branding strategy. Campaigns including I ♥ NY and I Amsterdam were considered, with the common theme being that the branding engaged and united the community, whilst being broad enough to allow stakeholders to form their own interpretation.

The challenge is to merge multiple identities within a specific location into a simple and easy to understand brand identity which is attractive to business, investors and tourists without compromising local culture and unique characteristics for the area (Rebranding of City Places, Rodger Bennett/Sharmila Savani 2003).

THIS IS YOUR **NEWCASTLE** is designed for individual interpretation, drawing on an individual's own circumstances and experience. Novocastrians are proud and the importance of creating a brand that could be owned by born and bred residents and industries was not understated. It was also vitally important to welcome and encourage the new residents, industries and businesses alike to connect to the community and embrace and shape the revitalisation of the city, promising a bright future for all and for all to embrace a new home, a new castle.

The visual representation developed to take Newcastle forward encapsulates both past and future identity, how the city perceived itself then and now. Our proposal is designed around the development of advanced industries, using the redevelopment of current infrastructure. It facilitates a move into the new age of advanced industries using the foundation of past heavy industries, linking past and future identities constituting a new brand for the city.



The font and colours are bold, chosen to encapsulate our industrial heritage and the spirit of Novocastrians. Orange represents innovation and aspirations towards advance industry for a prosperous future.

Newcastle is the capital of the Hunter Valley, THIS IS YOUR **NEWCASTLE** provides a vehicle to unite the region around the idea of Newcastle belonging to all. Newcastle as the central hub and the surrounding centres as the spokes, providing important and vital support for the common goal and benefit for all.

This visual representation will be utilised in various formats. A vision of these words in a large 2 metre high format located in Honeysuckle, by Lake Macquarie or in the Hunter Valley vineyards would allow for tourism, social media and 'selfies' to be leveraged to promote our region. We also propose to include the visuals on Austal's proposed Dyke Point Facility (see section 4.3.1 for further details of the Facility) giving it prominence on the harbour and from the Newcastle City foreshore.

Separating the wording of the brand THIS IS YOUR... allows for customised advertising campaigns to be developed for individual business, community and government groups also allows for a play on the brand and encourages ownership:



**THIS IS YOUR**  
*escape from the rat race*



**THIS IS YOUR**  
*15-minute commute*



**THIS IS YOUR**  
*R&D and Advanced  
Industry Hub*



**THIS IS YOUR**  
*weekend playground*



**THIS IS YOUR**  
*new home*



**THIS IS YOUR**  
*Newcastle*

### 3 COMPANY OVERVIEW

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One of Newcastle's jewels is its unique 15.2m deep channel port which provides for large vessel clearance, which currently only operates at 50% capacity. As identified in the Greater Newcastle Metropolitan Plan 2036, Newcastle is well positioned to capitalise on the rising demand for goods, offering space and infrastructure to facilitate direct links into global trade networks.

Austal Limited ("Austal") is a growing Australian ASX200 listed company that is called upon to establish an east coast headquarters in the Port of Newcastle to benefit from this unique opportunity to expand their growth. Some general company information is included at Appendix C for reference.

Austal is a global ship building company, defence prime contractor and maritime technology partner that designs, manufactures and services high performance commercial and defence vessels for use in military and commercial applications.


Since being established in Henderson, Western Australia in 1987, it has built a diversified footprint with ship building facilities in Western Australia (Defence), the Philippines (Commercial) and the USA (Defence), as well as support service centres in Cairns and Vietnam. The business is truly global and recognised as a world leader, thus listing many of the world's leading ferry operators, navies and defence forces as clients. It boasts of proudly producing the 'Ferraris of the sea.

Austal has delivered and continues to construct more than 300 vessels for 100 operators in 54 countries around the world. Its extensive product range includes passenger and vehicle-passenger ferries, patrol boats, high speed support vessels, surface combatants and revolutionary, multi-role vessels and new technologies provide for

Current defence engagements include for the United States Navy, the Royal Navy of Oman, and the Australian Border Force. Current commercial projects include the development of new ferries, and offshore utility vessels.

Manufacturing facilities at Henderson have reached capacity, for delivering on the \$335m Guardian Class Patrol Boats contract for the Australian Government, and additional facilities have recently been leased nearby.

The 2020 key Business Priorities for Austal include expanding the USA footprint through US Navy programs, driving investment in Asia, focussing on group wide cost efficiencies and building the best ships through major research and development, as set out in Annexure C.



An east coast headquarters located in Newcastle would provide Austal the opportunity to collaborate with local defence prime contractors and a range of other companies and industries to provide complementary benefit, whilst provide Novocastrians a returning global capability to be proud of.

## **4 BUSINESS / STRATEGIC PLAN**

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### **4.1 STRATEGIC VISION FOR AUSTAL IN NEWCASTLE**

Our Strategic Vision is for the establishment of Austal's R&D focussed east coast headquarters to cement Newcastle as a home and platform for advanced industry and engineering, particularly, systems integration, automation and control engineering.

To achieve this vision, the broader Newcastle region is to unite under the hub and spoke model with Newcastle serving as the central hub, connecting Hunter Valley, Port Stephens and Lake Macquarie and providing a gateway to the northern regions.

Past attempts to grow the region have been hampered by a differing of views, conflicting agendas of various arms of government, competing industry bodies and a nanny state mentality.

Our plan is aimed to leverage on the inclusiveness of our positioning concept and brand and unite all facets of the population, business, and government. Our strategy will achieve this by:

- Uniting people behind a vision that embraces Newcastle's past and existing capabilities, while embracing the future and change;
- Building business and industry capability that is smart, adaptive, and able to support the sharing of ideas and strengths, in particular human capital, across industry divides - this will give a head start to overcoming the historical economic inertia of a low density of productive firms (compared to capital cities);
- Providing a highly visible display of the city's capabilities in the form of a world leading advanced industry facility on prime port land metres from Newcastle's CBD;
- Giving a much-needed boost to a wide range of complementary businesses;
- Leveraging Newcastle's deep engineering expertise and enhancing this through partnerships with the UoN and TAFE;

We will share the vision, lobby for support and encourage collaboration with the various bodies including:

- The Port of Newcastle
- NSW Department of Planning and other Government bodies
- Hundernet
- Committee for the Hunter
- The 10 Local LGAs
- Local media publications
- Regional Business Chamber
- Industry Unions
- Sporting, Community and Arts Groups

Encouraging collaboration across these groups will be vital for the future of Newcastle and will support new initiatives such as the proposed Newcastle Defence Technology Conference (NDTC).

## 4.2 STRATEGIC ANALYSIS (SWOT)



Deep water port with capacity, currently the subject of significant development and diversification initiatives

Local human capital:

Engineering centre of excellence

Other disciplines including management, finance and legal

East Coast integration labour expertise

Supply chain

Leader in Environmental compliance



No other shipbuilders - common user facilities

Spreads operational sites to a third locality

No directors / executives in NSW (airport)

Lack of funding assistance / incentives (fostering collaboration)

Present lack of business density in the region



Specialist contact labour located on the East coast

Garden Island facility at capacity

Proximity

Land availability



Established competitors Thales (opportunity for collaboration)

Cheaper labour overseas

Already has East Coast facility in Cairns

## 4.3 LOCATION AND INFRASTRUCTURE

### 4.3.1 Austal's New "Castle" on Australia's East Coast

The location of Austal's advanced on water facility and offices in Newcastle will be the centrepiece of its R&D and engineering capability, as well as a critical component in the success of delivery of systems integration contracts. Analysis of several key available waterside sites has been undertaken - Carrington, Dyke Point, Mayfield and Walsh Point (see the sites considered in the graphic below). Dyke Point at Carrington has been selected as the recommended site.

Summary of the analysis of each site is set out at Appendix H.



When considering Austal's requirements, access to the Port of Newcastle is by far the first pull factor. A natural deep port with available land and infrastructure provides the perfect platform for Austal's east coast presence and R&D Hub which will provide a position in which future transport of finished products are delivered in a more cost-effective manner, which is one of their key priorities for 2020.

The Dyke Point site is well positioned on the harbour and has a sufficient size of 47,000m<sup>2</sup> available for the construction of their world class R&D and systems integration facility. Whilst the manufacture of vessels can take place in more cost-effective geographies, Newcastle can be the home of Austal's systems integration, bringing together final high-tech

components and expertise for which is already located on the east coast of Australia, and developing further technologies for continual improvement.

The proposed commercial details of Austal's lease and development of the site is set out in further detail below in our Implementation Plan in section 5.

#### 4.3.2 Supporting Infrastructure

Austal's home in Newcastle is supported by:



##### **INFRASTRUCTURE AND TRANSPORT**

- Connections to major freeways and proximity to Sydney
  - Gateway to Northern Regions
  - Significant investment in public transport infrastructure including the Newcastle Light Rail
- 



##### **NEWCASTLE AIRPORT**

- Growing airport offering connections to Capital Cities
  - Expanding globally, current connections to New Zealand [reference]
- 



##### **PORT OF NEWCASTLE**

- Australia's largest east coast port with a deep-water harbour
- Underutilised capacity (approx. 50%) and significant portside land available for development.

## 4.4 LOCAL BUSINESS ECOSYSTEM

Newcastle has a rich history in ship-building, engineering and manufacture and is already populated with many businesses that would complement Austal's establishment in Newcastle. A large company such as Austal and its employees will make use of a diverse range of existing supporting industries such as:

Austal	Employees
Fabrication and metal suppliers	Banking, Financial and Accounting
Fitting, machining and engineering	Legal and commercial services
Banking, Financial and Accounting	Art and cultural centre's
Legal and Commercial services	Education
Innovation and Technology providers	Health & Wellbeing providers
Port of Newcastle	Sporting and recreation

As such we anticipate Austal's presence will have flow on effects to these supporting local businesses leading to long term growth cementing Newcastle's position as the *National Center of Excellence for Advanced Industry*. This also builds on the region's capability to entice other prominent large-scale companies in advanced industries. Increasing economic activity and business population to reach critical mass is the driving force for overcoming the current business density weakness Newcastle suffers.

A snapshot of complementary businesses can be found at Appendix B.

Although there are competitors to Austal's core business in Newcastle, this colocation of competition encourages sub suppliers to also establish in the region to service all market participants. Embracing the Astra Aerolab, military installations in Singleton and Williamtown and defence authorised contractors established in the region, Austal will build the defence centric industry in Newcastle enticing further investment and interest in establishing a global defence technology conference.

## 4.5 WORLD LEADING ENGINEERING, MANUFACTURING AND ADVANCED INDUSTRY

With a deep network of established industrial, technological and service-based sectors, Newcastle's revitalisation is underpinned by a dedication to innovation and engineering.

Traditional engineering disciplines of mechanical, civil and electrical are being broadened with the support of UoN, to include advanced industry, STEMM disciplines and manufacturing as a response to changes in technology, environment and globalisation.

UoN has a vision to support Newcastle's transition to a knowledge-based economy and is investing in innovation with the development of a four-stage Innovation Hub located at Honeysuckle.

To support Austal's R&D and innovation objectives, the opportunity exists to partner with UoN. UoN is a keen partner to many government and industry groups and has established flagship research institutes including the Newcastle Institute for Energy and Resources (NIER), the Hunter Medical Research Institute (HRMI) and the Integrated Innovation Network (I2N) delivering valuable, world class research and advancements. UoN also has a number of defence initiatives established including a partnership of the NSW Defence Innovation Network which could benefit Austal.

There is a significant opportunity for Austal to collaborate with UoN for future growth through investment in defence R&D. Newcastle is the home where they can be fully supported in the next phase of their expansion, together creating an engineering and advanced industry centre of excellence.

## **4.6 ANTICIPATED DEMAND AND GROWTH POTENTIAL**

As a global competitor in the manufacture of naval and commercial vessels, Austal's contracts range in value from millions to multi-billion-dollar defence contracts. Austal are tendering to build 3 offshore patrol vessels (OPV) for the Philippines Navy. The bid is estimated to be a \$1.2b design and construction contract that Austal will complete in their Vietnam facility. The Vietnam facility is one of Austal's newest facilities and is chosen for the local skills, facilities size and materials supply chain being more cost effective than their Henderson or Mobile locations.

Austal's Vietnam production facility is limited in its capability and would only be able to deliver the vessel construction only. The Chair of the Hunternet defence taskforce has advised us that IT and Naval system integration is only possible with specialist contractor labour available on the east coast of Australia. The main players for high end naval systems integration includes firms such as Jenkins Engineering Design systems, Thales, and more recently Varley Engineering (headquartered in Newcastle).

It is well known that the main east coast repair facility on Garden Island suffers from chronic land use conflict issues, is over capacity for the scheduled naval and commercial works and is land locked preventing expansion to increase capacity. Austal's Newcastle headquarters would provide an alternate location for carrying out overflow works for Royal Australian Navy repairs and routine maintenance.

Locating the systems integration works for all Australian and Vietnamese manufacture vessels to Newcastle would allow the Henderson and Vietnam sites to increase the throughput of manufacturing as the vessel would be moved to Newcastle for fit out and systems integration. Newcastle is closer than Henderson for Vietnamese manufacture vessels and it is a 3-day sail from Henderson to Port of Newcastle.

## **4.7 ENVIRONMENT, SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY**

Austal is a company with a strong focus on the environment, and we have identified several ways in which this can be supported and expanded with the help of the local community, to also help Newcastle shake the stigma of our industrial heritage.

### **4.7.1 Environmental/Sustainability initiative**

As we look to the future of the Port of Newcastle and the city as a whole, there is a focus on clean, green and sustainability. Attracting companies that will synergize with these philosophies requires collaboration.

Austal is committed to the development of robust environmental management systems and resource efficiency programs that will sustain our natural environment for future generations. They are already leading the way in emissions requirements by designing and building ships that meet International Maritime Organisation (IMO) limits and are ahead in requirements for *the MARPOL 2020 regulation on Sulphur Oxides (SOx) and Nitrous Oxides (NOx) emissions*. With a view to the future, they are investigating the use of cleaner fuels.

Their development of technology in shipboard monitoring and control systems in minimising fuel usage is state of art. Partnering with UoN will see the potential for further advancement in not only this area but all facets of environmental impact towards a cleaner and greener future.

### **4.7.2 Austal's value to the community**

Austal's focus on CSR creates an opportunity for local businesses to benefit from the presence of an international business headquarters in Newcastle bringing opportunities for

employment in technology, management expertise, market intelligence, product development, increasing the socio-economic welfare of the city.

Austal will be a complementary fit for Newcastle and a promoter of community initiatives through national and global connections. The company has a keen focus on the wellbeing of their employees and their families and actively encourage involvement in their local communities.

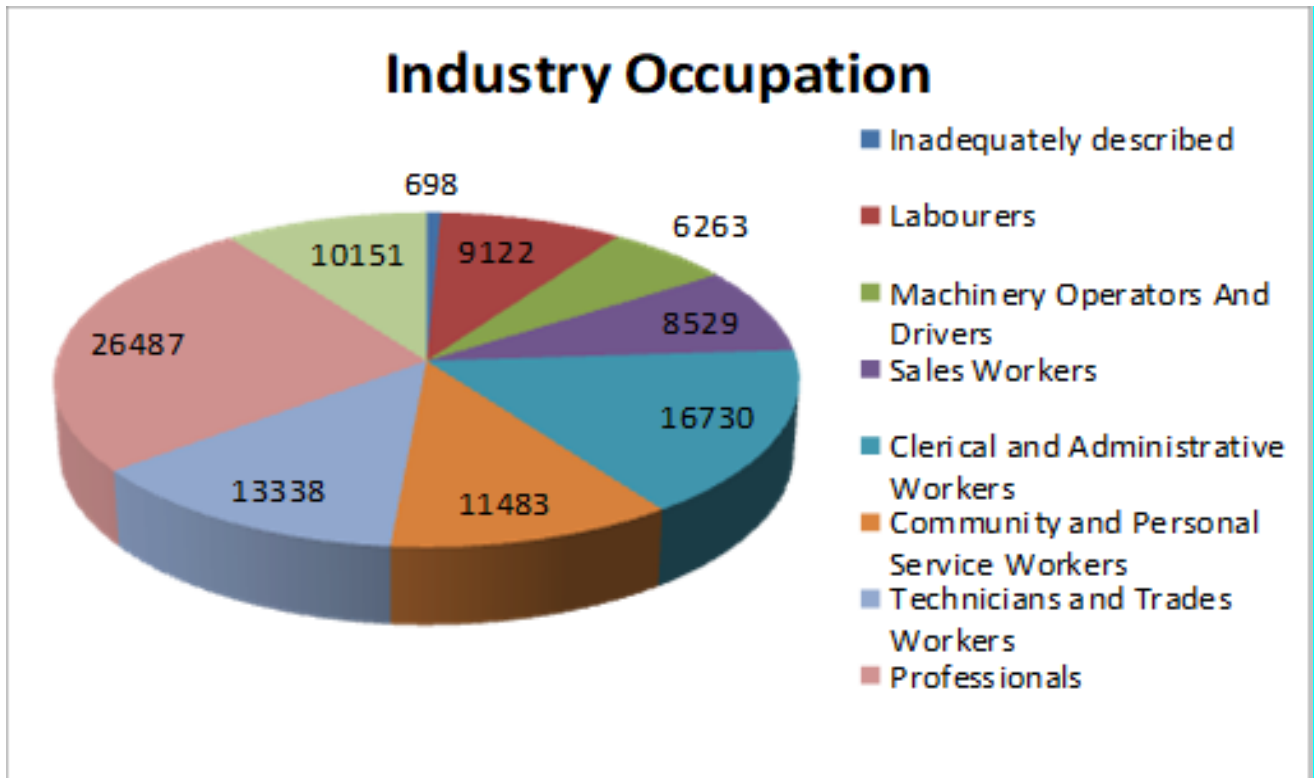
A dedicated program called “Austal Giving” provides funding to communities targeting mental and physical health. Team blood donations, support for kids with cancer, tree planting, skills training for schools, crisis relief, opportunities for the homeless and girls can camp are other causes the company rallies behind. Austal also has a program called the Pink Ship Initiative, which is aimed at increasing the participation of women in their workforce to 25%. This achieved currently by a partnership with TAFE and local training organisations to diversify traditionally male filled roles and encouraging differing perspectives. We believe that this integration would be another advantage to further drive the expansion of cultural diversity for the city and create new connections towards a vibrant metropolitan city.

## **4.8 HUMAN CAPITAL REQUIREMENTS**

To compel Austal’s establishment in Newcastle as opposed to in other countries or even Cairns which is already located on the east coast of Australia, consideration was given to the human capital requirements required by Austal. Austal requires an engaged, highly skilled workforce across a range of disciplines.

Following the closure of Newcastle’s shipbuilding facility Forgacs in 2014, shipbuilding skills in the region were largely lost to other industries and other shipbuilding jurisdictions around the world. This is not considered to be an inhibitor however, as we see that Austal will continue to utilise their manufacturing facilities in Vietnam and the Philippines where labour costs would be lower, and Newcastle will be the home for R&D and systems integration which requires a specialised skill set.

The following graph represents Newcastle Industry data from the ABS 2016, setting out the industry and number of workers in the region:



As the region solidifies its position as the home of advanced industry with world class capabilities in engineering, innovation and technology, the UoN partnership will provide a steady pipeline of highly skilled labour custom qualified to suit Austal's needs. This will keep degree-qualified graduates in the Newcastle, rather than having to relocate to a metropolitan location for employment and benefit the region not just for the short term, but for decades to come.

#### 4.8.1 Initiatives and employee expectations

The happiness of employees matters significantly because it impacts productivity. When a city offers a better quality of life it can ultimately determine the success of a business because it's also easier to recruit top quality employees.

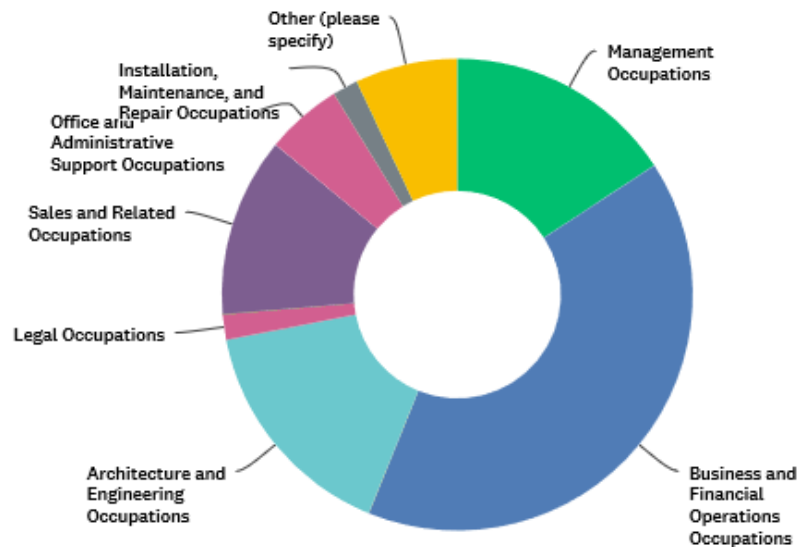
Key to Austal's success is the acknowledgement that people are their greatest asset. As such, Austal keenly demonstrates employee development in the workplace and promotes employees and their families to adopt a positive work/life balance. Austal employees are actively encouraged to participate in local cultural, sporting and community building activities and enjoy happy, healthy lives.

To appeal to potential future Austal employees, Team Tu Alcazar conducted an independent research survey of qualified, non-Newcastle based individuals to determine key drivers and what is important to them for a happy work/life balance.

57 respondents completed the survey, with full results included in Appendix I.

### Which of the following best describes your current occupation?

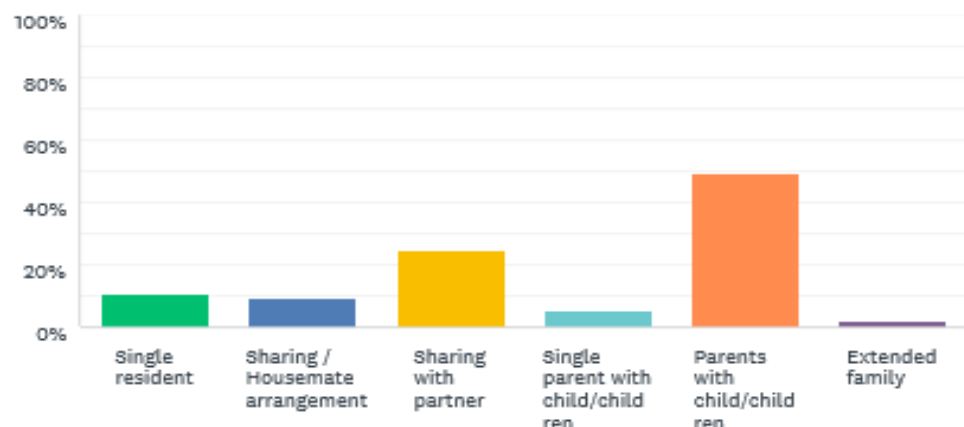
Answered: 57 Skipped: 0



The largest component of qualified skills of respondents were in business and financial occupations (40.73%), management (15.77%), architecture and engineering (15.79%) and sales and related occupations (12.28%).

### What is the composition of your household?

Answered: 57 Skipped: 0



he largest respondent population were either two adult households or families.

In being mindful of the growing congestion in Sydney specifically, the following question was posed:

‘If you could travel to and from work in less than 1 hour per day, how would this impact on your life and your well-being? What would you do with your extra free time?’

Unsurprisingly, the common themes to in this response were spending time with family, children and friends, improving mental health, exercise, self-development, improved well-being, spending time in nature, reduced stress, more sleep and spending more time on hobbies such as cooking and gardening were common.

Newcastle provides opportunities for all of these desires to be met and escaping the congestion of a metropolitan city and embracing a second city would have clear benefits to employees.

## **5 IMPLEMENTATION PLAN AND FEASIBILITY**

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### **5.1 SITE AND FACILITIES**

#### **5.1.1 Site**

The proposed site and facility are represented in Appendix E. The site is currently leased by the Port of Newcastle under its long-term lease arrangements with the NSW Government. based on initial market testing and discussions with the Port of Newcastle, the proposed key terms of a long-term sublease from the Port of Newcastle are detailed in Appendix F.

#### **5.1.2 R&D and Systems Integration Facility and development facility**

The proposed facility has a 14,000m<sup>2</sup> footprint to house R&D and systems integration, which adopts design principles from Austal’s world leading Mobile Alabama facility in the USA. Austal aims to achieve uniformity across its sites and reduce design costs through repurposing its existing world class facility designs. The Newcastle site will be central to the success of Austal’s global R&D business priority for 2020.

#### **5.1.3 Office**

In addition, the site will also be home to a standalone 1,400m<sup>2</sup> office building with on-site parking at the tip of Dyke Point. This has the capacity to support up to 200 employees (based on 1 employee per 14m<sup>2</sup>) and will support Austal’s growth into the future. Given the proximity to Newcastle CBD and public transport across the channel, future opportunities for water transport to and from the CBD will be explored with RMS, Port Authority of NSW and the Port of Newcastle.

#### 5.1.4 Options for implementation - interim solution for use of existing facilities

The site is currently home to an existing 3,500m<sup>2</sup> warehouse facility with hardstand. The warehouse and site currently accommodate short term licence cargo storage with no permanent tenants. As an alternative to commencement of immediate construction of the new purpose-built facility, a proposal and pricing for interim use of the existing site and facilities has been prepared and is set out in section (e) below. The approximate timeframes for each phase of implementation are expected to be as follows, all timeframes are from financial and legal close of agreements for lease and construction contracts:

##### **Interim occupation solution:**

- **Initial design:** 2 months
- **Planning approvals:** 6 months
- **Design and Construction:** 12 months

##### **Full custom facility and office solution:**

- **Initial design:** 6 months
- **Planning and approvals:** 12 months
- **Design and construction:** 18 months

The proposed developments are consistent with current planning requirements set out in the State Environmental Planning Policy (Three Ports) 2013.

#### 5.1.5 High level costings

High level costings of the lease, interim occupation solution and full site development costs are set out in the following subsections.

##### **(i) Lease costs**

Following initial market testing and discussions with the Port of Newcastle (**PON**) we have determined that PON is unlikely to make capital contributions to the development of the Site (due to the site not being common user or supporting general cargo throughputs at the Port). However, in recognition of the required capital contribution to develop the site (including dredging), we are confident that Austal will secure a rental reduction incentive for a fixed period of 5 years, indication as follows:

<b>ANNUAL RENT</b>	\$611,000p.a. (based on \$13 per m <sup>2</sup> of the 7,000m <sup>2</sup> site)
<b>INCENTIVE</b>	Rental reduction for the first 5 years of the long-term lease
<b>RENT REVIEW</b>	CPI increases annually. Market rent review every 5 years
<b>INITIAL TERM</b>	20 years
<b>OPTION TERM</b>	10 years

**(ii) Interim occupation solution**

The estimated costs of refurbishing the site and current facilities and improvements in order to be suitable for Austal's use and occupation is as follows:

Trade / line item	Volume	Unit Cost <sup>1</sup>	Estimated cost
Dredging - for deep-water access to site	100,000m3	\$20.00	\$2,000,000
Refit of existing facilities			
- External doors	3500m2	\$24.75	\$86,625
- Internal finishes	3500m2	\$14.00	\$49,000
Plant and equipment (to suit existing site) - Stage 1			\$6,927,612
<b>Total</b>			<b>\$9,063,237</b>

**(iii) Full custom facility and office solution**

The estimated costs of development of the purpose-built R&D and systems integration facility is as follows:

Trade / line item	Volume	Unit Cost <sup>2</sup>	Estimated Cost
Demolition of existing warehouse	3,500m3	\$113.40	\$396,900.00
Site preparation and civil works			
- Concrete removal	3,500m2	\$54.40	\$190,400.00
- Other site preparation	47,000m2	\$12.45	\$585,150.00

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<sup>1</sup> Costs based on Rawlinson's Australian Construction Handbook 2019 Edition 37, except where otherwise indicated. Given the purpose and scope of this analysis, combined rates have been adopted where appropriate.

<sup>2</sup> Costs based on Rawlinson's Australian Construction Handbook 2019 Edition 37, except where otherwise indicated. Given the purpose and scope of this analysis, combined rates have been adopted where possible.

High bay prefab shed / factory fit out to specification	14,000m2	\$1,360.00	\$19,040,000.00
Hardstand	14,000m2	\$113.50	\$1,589,000.00
Two storey fully serviced office			
- Construction and fit out	1,400m2	\$1930.00	\$2,702,000.00
- Fixtures, Furniture and Equipment	1,400m2	\$735.00	\$1,029,000.00
On site car park (and general storage)	2000m2	\$89.00	\$178,000.00
Plant and equipment (to suit new facility site) - Stage 2			\$6,927,612.50 <sup>3</sup>
<b>Sub total</b>			<b>\$32,638,062.50</b>
<b>Including dredging (unless completed as part of potential interim occupation plan)</b>	<b>Refer table in section 4.7.2(e)(ii) above.</b>		<b>\$2,000,000.00</b>
<b>Plant and equipment (unless procured as part of potential interim occupation plan)</b>	<b>Refer table in section 4.7.2(e)(ii) above.</b>		<b>\$6,927,612.50</b>
<b>Total (including dredging and procurement of all plant and equipment)</b>			<b>\$41,565,675.00</b>

<sup>3</sup> Estimate based on discussions with industry contacts.

## 5.2 FUNDING ANALYSIS

Austal has grown over 10% in the past 5 years. For financial year ended 30 June 2019 the company delivered record net profit and revenue, heralded as a new normal for the company and not a peak. The company has contracts for fulfillment valued at \$4.9bn with over 50 vessels under construction. Revenue for FY19 was \$1.85 billion, with net profit after tax at \$61.4 million. Majority of revenue was derived from the USA - \$1.47 billion. Total Australian revenues were \$393.2 million.

A company being encouraged to establish a new headquarters in a particular location would typically attract significant incentives by way of grant funding, capital contributions and/or policy incentives. The US Government encourages continual expansion of the Alabama facilities with \$62.659m in Deferred Grant Income, facilitating continued growth.

Austal currently avails of Federal Government Defence Grant Funding on defence supply contracts and R&D Tax Incentives and these will likely be continued into the future.

As a conservative measure, assessment has been completed on Austal's ability to self-fund this project, confident that the non-financial pull factors of the Newcastle region along with rental incentives explored in this report would provide a compelling enough reason for Austal's establishment in Newcastle. However, upon commitment from Austal, government and industry bodies will be lobbied for additional support, acknowledging the longer term benefits for all in having Austal's presence in Newcastle.

Austal has entered into a Syndicated Facility Agreement for AUD180m which expires in May 2021. Up to \$50m of the unused portion of this limit can be utilised for cash advances, which would suffice to fund Newcastle Headquarters for proposed costs of \$41.566m in full.

The notional effective interest rate on this facility as at 30 June 2019 was 3.19%. This rate has been applied to assess interest costs on facility of \$41.566m, noting interest only would be paid on the facility during construction. Despite revenue growth, a projection based on 2019 results provides a conservative assessment. Interest costs of \$1.326m for this facility have been included in the projection table below.

Funding of this project is considered feasible for Austal on a self-funded basis with an \$86.484m net surplus, prior to any further financial support via grants and capital contributions.

<b>AUD ,000s</b>	30/06/17	30/06/18	30/06/19	30/06/20
<b>Austal Limited</b>	Audited	Audited	Audited	Projection
<b><u>Sources of Cashflow:</u></b>				
Sales Revenue	\$1,308,603	\$1,390,150	\$1,851,021	\$1,851,021
<b>EBITDA</b>	<b>\$75,860</b>	<b>\$99,258</b>	<b>\$134,274</b>	<b>\$134,274</b>
<b><u>Uses of Cashflow:</u></b>				
Total Principal & Interest Costs	\$7,198	\$8,532	\$8,284	\$8,284
Business Taxation	\$24,515	\$17,729	\$24,180	\$24,180
<b>Additional interest for Purpose Built Facility at Dyke Point \$41.566m</b>				<b>\$1,326</b>
Deductions (Dividends, Distributions)	\$13,797	\$21,133	\$14,000	\$14,000
<b>Total Commitments</b>	<b>\$45,510</b>	<b>\$47,394</b>	<b>\$46,464</b>	<b>\$47,790</b>
<b>Surplus/(Deficit)</b>	<b>\$30,350</b>	<b>\$51,864</b>	<b>\$87,810</b>	<b>\$86,484</b>

## 5.3 NEWCASTLE GLOBAL DEFENCE AND TECHNOLOGY INDUSTRY EVENT

### 5.3.1 Overview

One ASX200 company on its own won't deliver significant economic development in the short term, which is why our positioning concept has been designed to foster a healthy ecosystem of businesses both in engineering and defence, but also across advanced industries generally. Another strategic initiative that we will use to enhance this process is the creation and promotion of a global defence and technology industry event - The Newcastle Defence and Technology Conference (**NDTC**).

Austal's presence in Newcastle would complement existing Defence Prime contractors (see Appendix B) and the Williamstown RAAF base, home to the Joint Strike Fighter Program, to generate interest and involvement in NDTC.

Newcastle currently hosts the Annual Hunternet Defence Conference. The Conference is aimed at driving collaboration between Defence Prime contractors, NSW regional SMEs, Academia and the Department of Defence. Our vision, supported by the transition of Austal's

headquarters to Newcastle and establishment of its new global R&D and systems integration hub, is to transform this conference into a global event.

### 5.3.2 NDTC Rationale

The growth of NDTC to a global scale will bring significant benefits not just to participants in the defence industry, but to the region more broadly through promotion of Newcastle as a business event destination, and by creating the infrastructure and behaviours required to drive business collaboration and tourism. (Edwards et al, 2010).

There are several smaller defence conferences held in Australia, however these are not particularly well regarded or of global significance. A summary of these events are located at Appendix G.

Although Australia is active in global events, the focus is on cultural and sporting activities, and underrepresented in business event tourism. There is currently a gap in policy and consistent advocacy for business tourism. The Federal Tourism Minister's 2020 Strategy (A National Business Events Strategy for Australia 2020, October 2008) is dated and has not been supplemented or revisited. While The Business Events Australia (**BEA**) division of Tourism Australia is the primary national body for the business event advocacy, Newcastle needs to start to position itself to be central to policy discussion and initiatives in the future, rather than waiting for infrastructure (e.g. conference facilities) and business critical mass to bring events to us.

### 5.3.3 NDTC Establishment Plan

#### **Aspirational region wide plan**

BEA promotes "associate" cities for business tourism, which currently only includes capital cities and the Gold Coast. Although Newcastle may not currently possess comparable facilities to BEA associate cities, Newcastle will aim to become an associate city within 5 years. This will focus the efforts and attention of government, business and advocacy groups, and promote collaboration on policy and investment. Each associate city has a one page business event destination fact sheet. We have prepared a working draft fact sheet for Newcastle, which will be shared among relevant stakeholders to drive awareness, promote collaboration and focus attention and efforts on areas requiring improvement. See Appendix D.

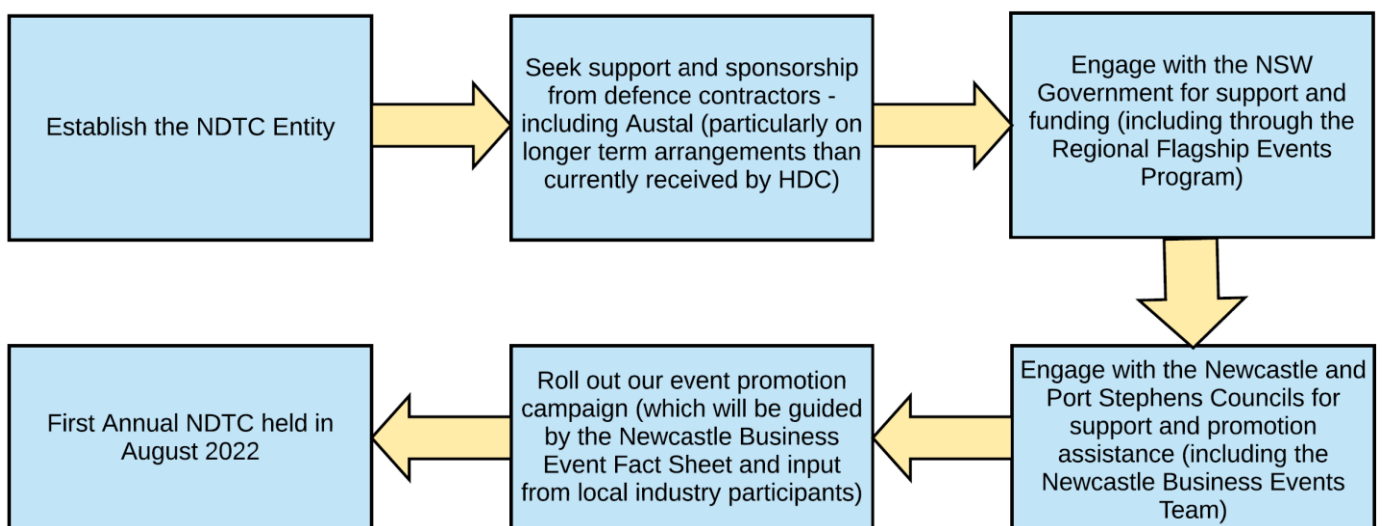
#### **Event spaces**

To augment existing event spaces in the region, we have commenced discussions with Astra Aerolab to earmark land within their 76 hectare land portfolio for conference and

exhibition spaces. Without the ability to currently commit to a lease or development on the site, we are seeking to negotiate an MOU under which Astra Aerolab will agree to reserve 5 hectares of land for event and exhibition space development, until 2025, with the ability to renew. This agreement is aimed to enable the development of the site to commence quickly once there is sufficient global interest in NDTC.

### **Transformation of the Hunter Defence Conference (HDC) and the first NDTC in 2022**

We have approached the Hunternet Defence Task Force, the organisers of the HDC, who have indicated support for the establishment of a new entity to coordinate NDTC and transformation from HDC. The following is a high level roadmap to the first NDTC:



## 6 CONCLUSION

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Our vision and strategy for Newcastle has been designed to employ existing strengths and local perceptions of Newcastle and direct these towards building a revitalised economic ecosystem that innovative and emerging businesses can coalesce around. Austal's:

- strong financial position and predicted further growth;
- straddling of both traditional manufacturing and advanced engineering and development (including in systems, automation and control);
- Occupation of Dyke Point with its future advanced facility forming the visual jewel in the harbour crown;
- potential to grow and support the development of human capital and business in or servicing advanced industry; and
- commitment to CSR / ESG initiatives and support of the community,

will give the local economy the encouragement needed to advance to the next stage and be the home of a growing number of significant corporates. As the city moves into this next phase, leading firms will be able to take advantage of all that Newcastle has to offer - an enviable lifestyle, competitive costs of living, a rich pool of human capital to draw upon and smart businesses to collaborate and compete with.

This report is Tu Alcázar's Vision for Newcastle, the Home for businesses of the future.



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## APPENDIX A – HIGH LEVEL NOTES FROM INDUSTRY LEADERS IN NEWCASTLE

### JOE DE COCK – Owner, Midcoast Boatyard and Marine Wickham (MBM)

- The market and capacity for private and recreational ship repair work at Newcastle is phenomenal
- MBM routinely has to knock back work due to capacity constraints. MBM currently employs 20 people but, with larger facilities could grow several times over in a short period of time
- Although there was a drain on available maritime workforce following the Forgacs closure, there is great local talent, training, and importantly the ability to attract workers. Many of MBMs workers have moved from Sydney – for tradespeople it is far more attainable to live near work (i.e. by the water) in Newcastle than in Sydney and battle horrendous commutes
- It would be great to see extra players enter the Port and help revitalize shipbuilding and repair sites
- MBM would be keen to work with potential partners to revitalise working sites within the Port
- Forgacs failed because it was poorly run and did not effectively manage its workforce. Other examples such as Sensation Yachts and Azura which attempted to operate from the current Forgacs site were victim to bad timing and economic conditions (GFC)
- Newcastle significant capacity for maritime due to its deep water port and available land

### **BEN HART – Port Manager, Svitzer Newcastle**

- Existing slipway and lift constraints in Newcastle make it impossible for Svitzer to have its vessels serviced in Newcastle.
- Svitzer is required to send its vessels for repairs and refits to Brisbane. In the past Svitzer has also had to send its vessels to Launceston and Port Moresby. The costs associated with this is significant, and the time impacts are just as detrimental – particularly in the case of emergency situations – in emergency situations the inability to service vessels is a real concern
- If there were lift capacity Svitzer would likely carry out vessel refits and repairs in Newcastle. There is also capacity for government and other commercial vessel refurbishments and refits
- Newcastle has great local expertise in engineering including Varley and Westrac (who produce tug engines) however this is underutilised
- Newcastle is a great place to work and Svitzer's Newcastle office has slowly been pinching roles from the Balmain head office. Svitzer recently recruited several operational roles., The roles could have been based at any of Svitzer's locations. A number of the new staff are based in Newcastle. Having staff in Newcastle allows those staff the opportunity to take advantage of the lifestyle and other benefits on offer. Good people can be found in Newcastle, or convinced to move here. Newcastle has everything staff want great liveability, healthcare and schooling, and great job prospects for spouses

### **MONICA GIBSON – Acting Executive Director Local and Regional Planning, Dept Planning & Infrastructure NSW**

- Region plans – Greater Newcastle Metropolitan Plan
- Look at other Case studies on other cities –e.g. Detroit
- Newcastle is well placed from infrastructure / resourcing perspective from population growth (can grow quickly without needing to much additional resources Transport/Sewage/Water) – could handle a much larger population
- Black Hill freight and logistics hub – Newcastle into Northern NSW and Asia – Intersection of railway line and freeway - intermodal
- Preserve the natural beauty of Newcastle utilising Blue green bridge

- The aim of the plan is to keep all the things we enjoy about Newcastle but gain the advantages of a larger population
- Why are no ASX200 companies here (except NIB)? Large issue is the lack of cosmopolitan lifestyle for senior executives and their families, best schools, high end retail etc.

#### **Will Rivkin / Dr Anthea Bill**

- Some reasons why ASX companies are not already here include the fact that there are less business entities here – i.e. a “smaller cluster of firms” compared to capital cities. Bigger clusters bring more robust and competitive supply chains, and also fosters collaboration. To bring companies to Newcastle it would be helpful to try to address this.

#### **TIM OWEN – Chair of Hunter Defence Taskforce**

- Tim Owen has discussed our project proposal with Davyd Thomas VP defence for Austal and David Singleton CEO of Austal, feedback is Austal "will not move from Henderson"
- They are marketing Mobile facility as the centre of excellence for naval vessels
- There exists an opportunity for a SE Asian country to set up a high end systems integration facility, this will be required if Austal land the \$1.2b off shore patrol vessel (OPV) contract.
- They will need Australian systems integration support as it is not available in Philippines or Vietnam.
- Navy is looking to base submarines on the east coast, looking for location other than garden island
- About why big business doesn't set up in Newcastle - NSW gov does not incentivise by giving grants or benefits to companies that might move.
- Vast majority of high end systems integrators are on the east coast
- JEDS - Jankine engineering design systems
- Varley - starting to get involved in system integration
- We can use a quote from Tim Owen "in talking to the Chair of the hunter defence taskforce"

- Austal focus on Aluminium as they are fast and light vessels, very different approach to other manufacturers
- Their R&D would be focused on evolving current technology rather than step changes in design.
- \$1.2b contract in Vietnam.
- Other words and things he said
- Whiskey project - Rubber ducks - "Ribs"
- Hanwah - Land400 phase 3, Tracked Vehicles
- Mobile Howartzers

#### **Greg Goucher - Thales**

- Thales undertakes design and other desktop work at Newcastle for other Thales site – in this day and age design work can be carried out from anywhere. What better place than Newcastle which has competitive cost of living, and good engineering smarts.

## APPENDIX B – OVERVIEW OF COMPLEMENTARY BUSINESSES IN NEWCASTLE



<b>BAE Systems</b>	<p><b>-What they do</b> - BAE Systems are” Australia's most versatile defence and security company. We offer the Australian Defence Force (ADF) and our security customers total capability in vital areas such as through-life support, security, logistics and systems integration.“</p> <p><b>-Where they are</b> - HQ South Australia, Local capacity at Williamtown Airport.</p>
<b>Thales</b>	<p><b>-What they do</b> - Newcastle operation provides in service support for Naval and commercial vessels. “Thales in Australia is part of a leading international electronics and systems group serving the defence, aerospace and space, security, and transport markets in Australia and throughout the world. Our expertise ranges across protected mobility vehicles, naval support services and integrated communications solutions for defence through to air traffic management systems, cyber security solutions and transport systems for the commercial sector.”</p> <p><b>-Where they are</b> - Headquartered in La Défense France, 35 locations across Australia. Carrington Harbourside location in Newcastle.</p>
<b>Boeing Defence Australia (BDA)</b>	<p><b>-What they do</b> - “BDA’s strength lies in its world-class, innovative solutions for the support, maintenance, modification and upgrade of Boeing and non-Boeing aircraft; military aircrew training design and delivery; and the design, development and support of Command, Control, Computers, Communications, Intelligence, Surveillance and Reconnaissance (C4ISR) solutions.”</p> <p><b>-Where they are</b> - The company’s 2000 employees at 14 Australian sites and three international locations bring the ‘Best of</p>

	Boeing' products and services into the Australian market to provide a range of valued, through-life service solutions to its customers.
<b>Lockheed Martin</b>	<p><b>-What they do</b> - "Headquartered in Bethesda, Maryland, Lockheed Martin is a global security and aerospace company that employs approximately 105,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services."</p> <p><b>-Where they are</b> - Williamtown aerospace centre, a total of 14 locations across Australia.</p> <p>"Lockheed Martin Australia is an Australian company that is engaged in research, design, development, integration and sustainment of advanced technology systems, products and services. We are an industry leader in defence and technology, working with Australian partners to bring best practice and leading edge concepts and technology to Australia. Our programs include next generation pilot training, combat systems integration, rotary wing systems and sustainment, 5th generation air combat capability and surveillance across air, sea, land and space domains."</p>
<b>Northrop Grumman</b>	<p><b>-What they do</b> - "a leading provider and integrator of autonomous, C4ISR, cyber, logistics and strike systems and solutions, Northrop Grumman works with Australia's Defence Force to ensure border and Pacific-region security and mission success."</p> <p><b>-Where they are</b> - Northrop Grumman's Australia headquarters is in the Canberra suburb of Symonston. The company employs more than 500 people across Australia and are located at all major RAAF bases including Williamtown</p>
<b>Raytheon</b>	<b>-What they do</b> - Raytheon provides state-of-the-art electronics, mission systems integration and other capabilities in the areas of

	<p>sensing; effects; and command, control, communications and intelligence systems; as well as a broad range of mission support services</p> <p><b>-Where they are</b> - Headquarters in Canberra with locations across Australia predominantly in RAAF bases including Williamtown</p>
<b>Varley Engineering</b>	<p><b>-What they do</b> – Multi discipline engineering and metals based manufacturing.</p> <p><b>-Where they are</b> – Founded in Newcastle in 1886, Varley have evolved into a global engineering firm</p>



## APPENDIX C – AUSTAL LIMITED DETAILS AND DIRECTORS

<b>Name</b>	Austal Limited A.C.N 009 250 266
<b>Address</b>	100 Clarence Beach Rd Henderson WA 6166
<b>Date Established</b>	26 Jun 1987
<b>ASX Code</b>	ASB
<b>Market Capitalisation</b>	AUD1.46bn (as at 5 Oct 2019)
<b>Share Price</b>	\$4.130 (as at 5 Oct 2019)
<b>Directors</b>	<p>Non-Executive Chairman: John Rothwell – Appointed 9 Oct 1987</p> <p>CEO: David Singleton – Appointed 21 Dec 2011</p> <p>Ind. Non-Executive Director: Charles Everist – Appointed 8 Nov 2013</p> <p>Ind. Non-Executive Director: Sarah Adam-Gedge – Appointed 25 Aug 2017</p> <p>Ind. Non-Executive Director: Christopher Indermaur – Appointed 19 Oct 2018</p>
<b>Austal's Key Business Priorities for 2020</b>	<div style="display: flex; align-items: center;"> <div style="flex: 1;">  </div> <div style="flex: 1;">  </div> </div>

## Appendix D – Newcastle’s Global Business Event Working Fact Sheet



# NEWCASTLE

## BUSINESS EVENT DESTINATION FACTSHEET



### INDUSTRY OVERVIEW

#### DEFENCE AND AEROSPACE

Home of the Williamtown Airport and RAAF Base, defence primes including BAE Systems, Lockheed Martin, Boeing, Rattheon, Viasat, Haxagon, Redarc, Bohemia Interactive

#### ENGINEERING

University of Newcastle (UoN) engineering department ranked No. 1 in Australia for automation and control, Group of Eight Australia Engineering Member, one of 3 members of the Global Engineering Education Exchange Program

### CURRENT INDUSTRY EVENTS AND CONFERENCES

Newcastle does not regularly host international industry / business events. Recent highlights include the 3rd International Conference on Emerging Advanced Nanomaterials 2018 (not held regularly in Newcastle).

### EXHIBITION AND CONFERENCE CENTRES

76 Hectare Astra Aerolab Business Technology Park currently in development.

There are a range of smaller event and conference facilities in the Newcastle and broader Hunter region including the UoN Integrated Innovation Network (I2N) and the Crowne Plaza Hunter Valley.

### LOCATION

- A leading industrial smart city located amidst exceptional beaches and natural landmarks
- Named as one of the World’s Smart Cities to watch by National Geographic Traveller
- Named a world festival and events city four times by International Festivals & Events Association



### HIGHER EDUCATION AND RESEARCH

Newcastle is a centre of excellence in medical research, home to the University of Newcastle School of Medicine, the John Hunter Hospital (with a \$780m redevelopment underway) and the Hunter Medical Research Institute. The University of Newcastle offers internationally recognised programs in engineering, world class research and is ranked 207th of the world’s universities.

### PLANNING

#### ACCESS

Newcastle Airport linking to Canberra, Melbourne, Sydney, Brisbane, Auckland, and internationally (through Melbourne and Brisbane)

#### ACCOMMODATION

Over 1,000 rooms within Newcastle and a number of significant developments recently completed or planned, including the Little National Honeysuckle, Holiday Inn and the 5 Star Kingsley Development in the Civic Centre.

### WEATHER

Season	Average minimum	Average maximum
Spring	13.9c	21.9c
Summer	18.9c	25.3c
Autumn	15.2c	22.5c
Winter	9.2c	17.5c

## APPENDIX E – PROPOSED ON WATER FACILITY



## APPENDIX F – PROPOSED TERMS FOR LONG TERM AGREEMENT FOR LEASE OF DYKE POINT SITE

Item		Details
1	<b>Parties</b>	<p>Austal (<b>Lessee</b>)</p> <p>Port of Newcastle (<b>Lessor</b>)</p>
2	<b>Premises</b>	<p><b>Dry Land:</b> At the southern tip of Dyke Point Carrington (lot 93 in DP1193181) (Lessor to effect subdivision excluding the east / west portion of Dyke Point Road running along the northern border of the site prior to entry into the AFL) – approximately 47,000m<sup>2</sup></p> <p><b>Wet Land:</b> Part lot 4 in DP 1195231</p>
4	<b>Lease commencement date</b>	<b>On and from:</b> 1 July 2020
5	<b>Annual Rent</b>	<p>After the incentive period the Rent payable will be \$611,000p.a. (based on a rate of \$13 per square metre).</p> <p>Not that rent will not vary if Austal undertakes the interim occupation solution of utilising existing improvements on the site prior to commence construction on its purpose built facility</p>
6	<b>Incentive</b>	The rent for the premises will be nil during the first 5 years of the term - this recognises the required timeframes for construction and Austal's significant capital investment in the site (include dredging).

<b>7</b>	<b>Rent Review</b>	<p>CPI increases annually</p> <p>Market rent review every 5 years</p>
<b>8</b>	<b>Initial Term</b>	20 years
<b>9</b>	<b>Option Term</b>	10 years
<b>10</b>	<b>Outgoings</b>	Lessee is responsible for all Lessee's business expenses and outgoings including but not limited to electricity, water usage and all other utilities.
<b>11</b>	<b>Permitted use</b>	Construction and operation of a facility for the design, construction and testing of vessels and related equipment, including corporate office, or as otherwise approved by the Lessor in writing (acting reasonably).
<b>12</b>	<b>Maintenance</b>	All Lessee assets and improvements to be repaired and maintained by Lessee.
<b>13</b>	<b>Insurance</b>	<p>Construction Works insurance during the term from Commencement until Practical Completion.</p> <p>Liability insurance to provide indemnity in respect of death, personal injury, property damage, pollution and environmental damage with cover for any occurrence of not less than \$20,000,000.</p>

<b>15</b>	<b>Cost Charges and Expenses</b>	Lessee will be responsible for lease preparation and administration costs, obtaining of all consents and approvals.
<b>16</b>	<b>Reinstatement on termination</b>	At end of lease term, the Lessee shall remove all buildings, plant and equipment which the Lessee had erected or placed on the Premises and shall leave the Premises clear to the satisfaction of the Lessor. The Lessor may however at the end of the Lease Term require that all or any of such buildings, plant and equipment remain on site whereupon the Lessor may pay compensation to the Lessee.

## APPENDIX G – ANALYSIS OF NDTC AGAINST EXISTING DEFENCE EVENTS IN AUSTRALIA

Event	Overview	Advantages and differentiating factors of NDTC
Annual Northern Australia Defence Summit	<p><b>Where:</b> Darwin, NT</p> <p><b>What:</b> High level policy driven summit focussing on the advancement of Northern Australia as a key military and strategic region for the ADF and its partners.</p>	This event is focussed only on Northern Australia, and is based on policy rather than industry engagement and economic development.
Pacific International Maritime Exposition	<p><b>Where:</b> Sydney</p> <p><b>What:</b> Global maritime defence business event with participation from international navy representatives</p>	The event is focussed only on maritime and is an exposition / sales opportunity for maritime defence businesses. NDTC will differentiate itself by being broader than maritime and aiming for foster cross collaboration between defence sectors and enterprises with a focus on technology.
PARARI Australian Explosive Ordnance Safety Symposium	<p><b>Where:</b> Canberra</p> <p><b>What:</b> An international explosive ordnance safety symposium held regularly in the southern hemisphere</p>	The event is very limited in scope and not focussed on industry engagement and economic development.

<p>Military Communication and Information Systems Conference</p>	<p><b>Where:</b> Canberra</p> <p><b>What:</b> conference for military, academia and business focused on the technologies, products, systems and services associated with military communications and information systems</p>	<p>Although this event is business focussed and promotes business development it is very limited in its focus.</p>
<p>SubTec Conference</p>	<p><b>Where:</b> Fremantle, WA</p> <p><b>What:</b> annual event focussed on submarine development and technologies. There is government engagement however the focus is on industry, collaboration and development.</p>	<p>The format and approach of this event, which does promote collaboration and economic development – including across industries (e.g. deep sea drilling and development). However, the focus is particularly narrow.</p>



## APPENDIX H – PORT OF NEWCASTLE LAND ASSESSMENT

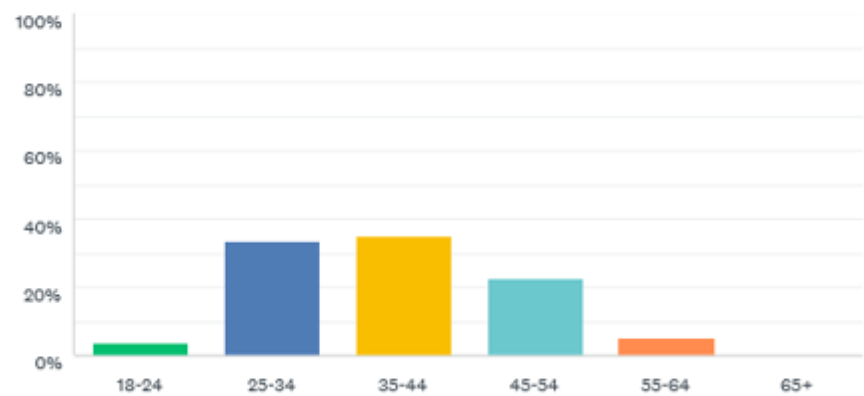
Land	Comment on suitability for Austal
<b>Vacant Land at Walsh Point (1)</b>	<ul style="list-style-type: none"> <li>- There are a number of vacant lots at the tip and along the eastern side of Walsh Point.</li> <li>- These sites are undeveloped without existing water and utilities and (with the exception of the land on the tip of Walsh Point at [confirm size]) would not be of sufficient size for Austal.</li> <li>- There are no existing water access points which would require construction of greenfield slip / lifts.</li> <li>- A Walsh Point site would be a longer commute by road from Newcastle</li> </ul>
<b>Vacant Land at Mayfield (2)</b>	<ul style="list-style-type: none"> <li>- Available land at Mayfield is ear marked for proposed alternative developments including the container terminal and expansion of the Port of Newcastle Bulk Liquids precinct</li> </ul>
<b>Vacant land at Fitzroy / Denison Street Carrington (3)</b>	<ul style="list-style-type: none"> <li>- The site is approximately 35,000m<sup>2</sup> and has prior use for ship repair and maintenance and includes existing slipway</li> <li>- Close proximity to Newcastle</li> <li>- The site is currently vacant however is controlled by Thales under an existing lease with the Port of Newcastle. May be suitable for support of development as a common user site however not appropriate for Austal's initial purposes</li> </ul>

<b>Vacant Land at Dyke Point</b>	<ul style="list-style-type: none"><li>- The site is approximately 47,000m<sup>2</sup> and has prior use for ship repair and maintenance and includes existing slipway</li><li>- Close proximity to Newcastle</li><li>- The site currently has an existing storage warehouse. The site does not currently have any long-term tenants, however is used by the Port of Newcastle for ad hoc short term storage of various cargoes.</li><li>- The site is iconic, visible from the City and itself enjoying spectacular views back across to the City</li></ul>
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# APPENDIX I – FULL SURVEY RESULTS OF PROFESSIONALS LIVING OUTSIDE NEWCASTLE

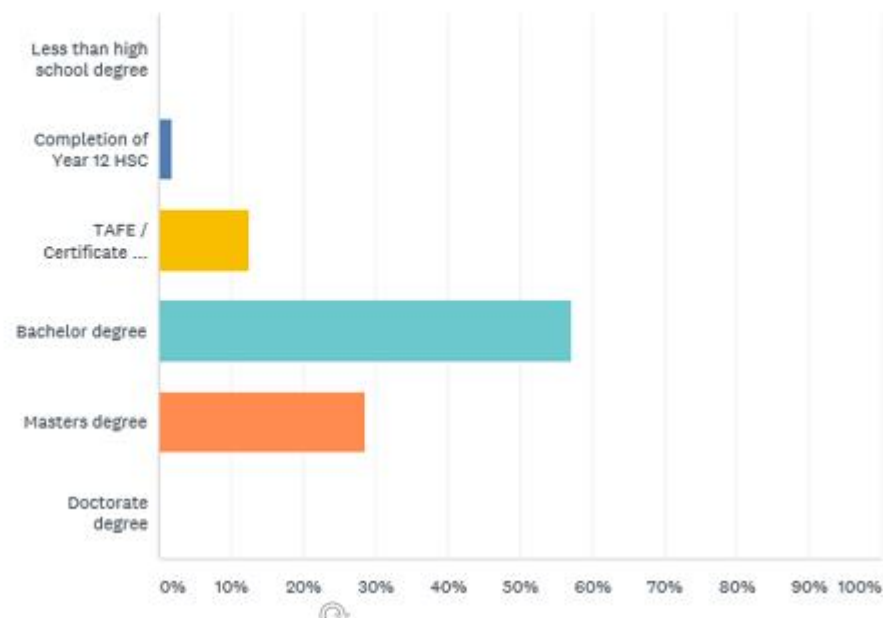
Q1 What is your age range?

Answered: 57 Skipped: 0



Q2 What is the highest level of education you have completed?

Answered: 56 Skipped: 1



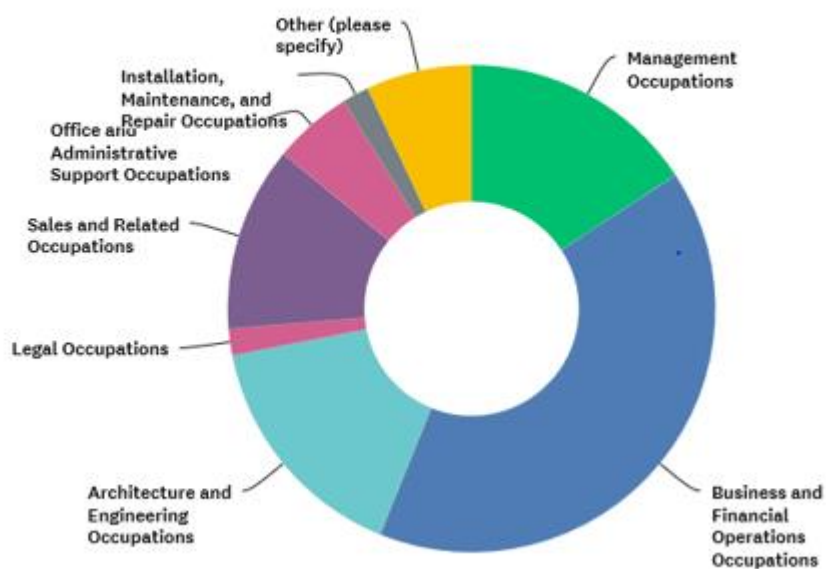
### Q3 What is your current employment status?

Answered: 57 Skipped: 0



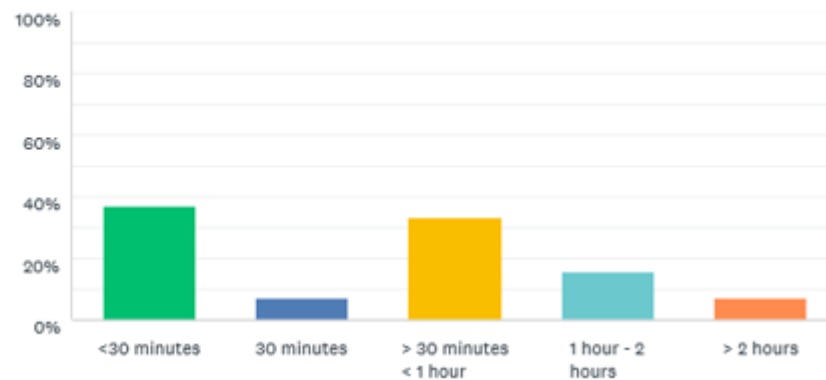
### Q4 Which of the following best describes your current occupation?

Answered: 57 Skipped: 0



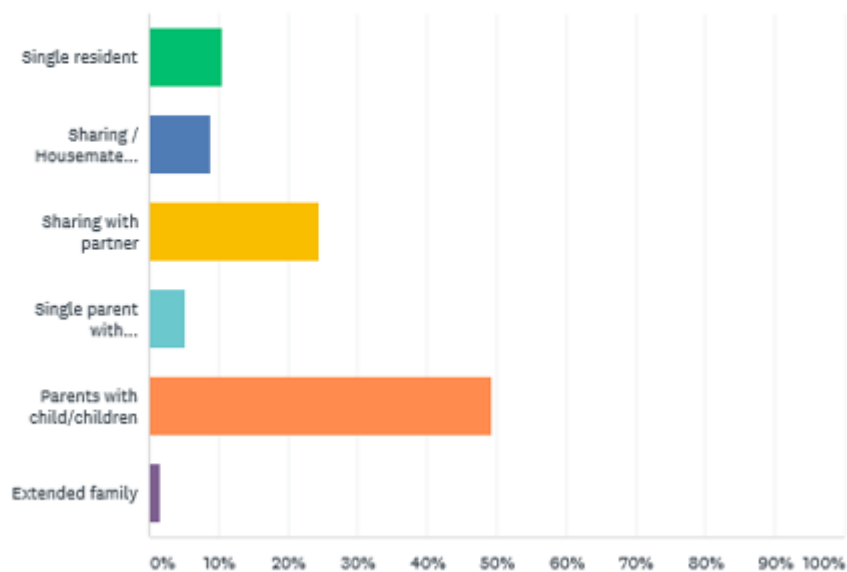
## Q5 How long is your daily commute to AND from work?

Answered: 57 Skipped: 0



## Q6 What is the composition of your household?

Answered: 57 Skipped: 0



## Q7 How do you typically spend your weekends / down time?

Answered: 56 Skipped: 1

Family time, weekend getaways, fishing & golf

Beach, socialising, outdoors

Very little downtime

Resting from a busy week. Spending time with family. Shopping.

catching up with friends and family

Children's sport Socialising Bonding with/spending time with kids

Family time (Beach, boat) / Running

Sport, family time

Friends & family R & R and getting out & about

Exercising outdoors, catching up with family and friends, going to breakfast, lunch or dinner.

Go to Bunning's/ IKEA. Fish market on Sunday as I can take advantage of the capped \$2.5 travel cost.

Exercise family time, kids sport, socialising with friends, housework, shopping

With Family in local parks, catching up with girl friends at local restaurants and cafes.

With my children, at the beach, socialising with friends.

Q8 If you could travel to and from work in less than 1 hour per day, how would this impact on your life and your well-being? What would you do with your extra free time?

Answered: 54 Skipped: 3

With my children, at the beach, socialising with friends.

Visiting friends and family. Walking the dog around the local area

Surfing, socialising, gaming

Would be positive as enable me to spend more time with kids after work (and undertake activities), rather than getting home and it being dinner time already

Spend more time with family. Do more exercise. self-development.

exercise, spending it with family and catching up with life admin

would have more time with family

This would allow me to do household tasks like washing/ironing/cleaning of an evening and free up weekend time to enjoy things I love like spending time with my kids.

It would be great and I would enjoy spending time socialising and focusing on exercising.

More time to spend on lifestyle and friends/family. Improvement to mental health and stress levels