



**2020 NSW
BUDGET SUBMISSION
LETTER TO NSW TREASURER**





7 October 2020

The Hon Dominic Perrottet MP
Treasurer

Dear Treasurer

The 2020-21 NSW Budget was delayed to provide more time for the impacts of Coronavirus to be better understood. A clear picture has emerged in the Hunter. The pandemic has wiped out over four years of employment growth.

The protection of jobs, the creation of new employment and maintenance of community cohesion in our region and across NSW is now imperative and a focus of the upcoming Budget.

With a population of 750,000, the Hunter is Australia's largest regional economy generating \$60 billion in Gross Regional Product and contributing 10 per cent of the State's output. When the Hunter goes well, NSW goes well.

Investment in this region has consequence for the NSW economy and presents an opportunity for stimulus. We stand ready to partner with the NSW Government to boost jobs and the economy at the speed and scale this crisis calls for.

The 2020-21 Budget will set out the path to economic recovery. We are keenly aware that COVID-19 has reduced State revenues while you experience pressure to increase infrastructure spending to lift the nation out of recession. We know this Budget will be tight and any expenditure needs to be targeted and work harder.

That's why the Committee for the Hunter is working with the Hunter Joint Organisation of councils, and regional leaders to help secure the Federal Government's commitment to catalytic major projects and community infrastructure, including: the Newcastle Airport Code E runway upgrade; the University of Newcastle STEMM Regional Transformation Hub; and, the Port of Newcastle Multi-purpose Deepwater Terminal (MDT).

Over \$1.8 billion in private investment, 15,000 jobs and \$2.5 billion in economic benefits is contingent upon the removal of penalties on container movements at the Port of Newcastle. The MDT is an investment-ready project of significant scale and an anchor to the region's economic diversification. We ask for your support to help make this happen.

The Committee has worked across our members to provide a united voice on our region's priorities for consideration in the NSW State Budget.

Our submission focuses on an infrastructure-led recovery. However, we recognise that government support is not just about funding; smarter planning and new partnership approaches will be critical in ensuring any future expenditure is targeted and provides value for money. As priorities across government are actively reassessed, we are also eager to ensure that committed and regionally significant State-led projects are kept on the agenda.



Our submission is structured:

- Shovel-ready local infrastructure
- Smart planning
- Expediting State-led regionally significant projects
- Community cohesion

Shovel-ready local infrastructure

Hunter councils have identified shovel-ready local projects that will help protect our region from further job losses while supporting sectors impacted by COVID-19. Projects that are advanced in planning and ready to create new jobs now while working to grow and diversify the Hunter economy into the future.

Our request is for the NSW Government to commit more funding to competitive grant funding programs for local and community infrastructure, open to councils and their partners.

When delivered as a program, smaller projects will provide immediate and dispersed stimulus responsive to the needs of local economies and the benefits of the scale of major projects. This creates opportunities for local jobs, contracts and content and a strong investment pipeline that gives business the confidence to invest, expand and create new jobs.

We note that an inconsistent classification of NSW councils as metro and regional is preventing equitable access and a pragmatic approach to grant funding among Hunter councils. As NSW's second largest city and largest regional centre Newcastle sits between classifications.

We implore you to review these guidelines towards a more flexible solution that takes into account the positive interdependence of the Newcastle metropolitan area with regional and rural Hunter.

Smart planning

New approaches to planning and infrastructure being trialled in the Sydney metropolitan area can be readily transferred to the Hunter, ensuring smarter, timely and coordinated approaches to growth, infrastructure and services.

Place-based Infrastructure Compacts

The *Greater Newcastle Metropolitan Plan* identified Catalyst Areas that are expected to be the major drivers of employment growth. These include North West Lake Macquarie, East Maitland and Broadmeadow where the Hunter and Central Coast Development Authority (HCCDC) is leading the Hunter Park urban renewal project, arguably the next most significant urban renewal opportunity in the lower Hunter.

Transport funding in the Hunter does not sufficiently align with land use plans, release and development. This holds back the delivery of Government's employment and housing targets including for Catalyst Areas. An analysis by the Hunter Joint Organisation and the Hunter divisions of the Urban Development Institute of Australia NSW and Property Council of Australia suggests that \$22 billion in construction associated benefits, \$15.1 billion in operational benefits along with tens of thousands of jobs could be quickly unlocked if this issue was addressed.

Place-based Infrastructure Compacts (PICs) are a vehicle to better align Hunter development with Government budgets, especially when backed by specific-purpose funding sources like the Housing



Acceleration Fund. Applying this innovative model to the Hunter region's Catalyst Areas will ensure these major employment centres are supported by infrastructure and services at the right time to deliver on our shared objectives for stimulus, growth, jobs and housing.

Program-level Strategic Business Cases

One of the outputs of PICs is a Strategic Business Case (SBC) that prioritises and sequences infrastructure investments for a region at a program-level rather than project by project. The NSW Government in partnership with councils is innovating in the development of a program-level SBC for a Sydney cycling network.

Hunter councils have identified shovel-ready cycling and pedestrian projects that would be accelerated with funding support. We would also welcome the opportunity to work with Transport for NSW to develop a **Strategic Business Case for a Hunter cycling network** to ensure a more strategic and partnership approach to the planning, sequencing and funding of projects in the future and to road-test the approach in the regions.

Similarly, the region has identified a number of art and cultural infrastructure and tourism projects ready to stimulate local economies and create new jobs. These investments target sectors struggling from the impacts of COVID-19 and are critical to the long-term diversification of the Hunter economy. Projects include shovel-ready private sector proposals like the historic Victoria Theatre that has recently achieved planning approvals and is now seeking one-off government funding support. We invite the NSW Government to partner with the Hunter councils to develop a program-level **Strategic Business Case for Destination Infrastructure** that capitalises on our indigenous, agricultural and industrial heritage to grow the Hunter's visitor economy.

Expediting State Government-led regionally significant projects

As you prioritise government projects and programs we are keen to ensure that committed State-led projects are kept on the agenda, appropriately resourced and fast tracked where possible.

These include:

- Williamstown Special Activation Precinct, including bringing forward drainage works and planning for Cabbage Tree Rd/Tomago Rd duplication that will underwrite investor confidence in the SAP
- Accelerating planning for Hunter Park (Broadmeadow sports and entertainment precinct) and associated transport upgrades, and providing certainty and transparency on development timeframes
- John Hunter Health and Innovation Precinct, including fast-tracking Stage 2 to deliver on the full Clinical Services Plan identified for the Hospital
- North West Lake Macquarie Catalyst Area, including fast-track of initiatives in the Priorities Plan and the proposed Place-Based Infrastructure Compact
- Hunter Valley Thoroughbred Centre of Excellence, including upgrades at Scone and Cessnock racetracks that are advanced in planning and have recently been transferred to Racing NSW
- New England Highway upgrades between Tenterfield and Newcastle. These works are critical to supporting the expansion of agricultural exports from the region and western and north-western NSW



We note the Federal Government's commitments to Hunter major projects in the 6 October Budget. The Committee welcomes the NSW and Australian Governments working together to fast track priority projects already in the infrastructure pipeline and looks to the NSW Budget to confirm any remaining outstanding funding and accelerated delivery timeframes:

- Singleton Bypass, encouraging you to engage with Singleton Council and the community on design issues to agree the optimum long-term solution
- Newcastle Inner City Bypass, including the interchange at John Hunter Hospital (Stage 5) which is essential to the success and accessibility of the Health and Innovation Precinct
- M1 extension to Raymond Terrace for which \$1.6 billion in Federal funding is contingent on NSW finalising planning and approvals
- \$15 million to accelerate planning for faster rail between Sydney and Newcastle. We also encourage you to bring forward practical, smaller upgrades to the network that speed up and improve services now while preserving options for a fast rail network in the future

It is also important to continue to grow the pipeline of infrastructure in the Hunter and the additional economic activity and jobs this brings. The federal budget boost provides the NSW Government with additional funding capacity and savings to be allocated to other priorities in the Hunter rather than cut from the region.

Community Cohesion

These uncertain times have made it even more important to build and maintain community cohesion. This includes supporting people to stay in employment, creating places where communities can come together safely and enjoy, enabling access to opportunity and addressing social disadvantage.

The investments and actions outlined in this submission will protect and create opportunities for local jobs, while building shared assets that benefit all and support community cohesion. That would be a fitting legacy from this crisis.

Secure, quality, affordable and accessible housing is also critical in supporting the most vulnerable in our community to access opportunity. A snapshot of the Hunter region shows that just 5.5 per cent of all rental properties advertised across the Newcastle/Lake Macquarie, Hunter, Central Coast and Mid Coast regions were affordable for households on income support.

COVID-19 has exacerbated this crisis as more people and households have experienced financial and housing stress.

The Committee for the Hunter joins other voices in NSW and the nation to call for more investment in social and affordable housing including new stock and renewal. This will create construction jobs, provide homes and security for vulnerable Australians and stimulate the economy.



Summary

We are inviting you to partner with the Hunter to accelerate COVID-19 recovery and deliver more benefits to the State economy at the time we most need it.

Our recommendations are summarised in Attachment A. If you would like to discuss this submission please contact: Alice Thompson, CEO Committee for the Hunter on +61 490 688 125 or ceo@hunter.org.au.

The Committee for the Hunter is an independent and inclusive champion for the people of the Hunter and their enterprises, providing advocacy and thought leadership to build a sustainable and prosperous future for the region. More information about the Committee can be found at www.hunter.org.au.

Sincerely

A handwritten signature in black ink, appearing to read "Richard Anicich".

Richard Anicich AM
Chair
Committee for the Hunter

A handwritten signature in black ink, appearing to read "Alice Thompson".

Alice Thompson
CEO
Committee for the Hunter

Attachment A – Summary Recommendations

1. Removal of penalties on container movements at the Port of Newcastle

Shovel-ready local infrastructure

2. Funding for competitive grant funding programs for local and community infrastructure, open to councils and their partners
3. Review the classification of NSW councils as metro and regional for the purposes of grant funding eligibility towards a flexible solution that takes into account the positive interdependence of the Newcastle metropolitan area with regional and rural Hunter

Smart planning

4. Place-based Infrastructure Compacts for Catalyst Areas including North West Lake Macquarie, Hunter Park and East Maitland
5. Strategic Business Case for a Hunter Region Cycling Network
6. Strategic Business Case for Hunter Region Destination Infrastructure

Expediting State-led and committed regionally significant projects

7. Williamstown Special Activation Precinct, including bringing forward drainage works and planning for Cabbage Tree Rd/Tomago Rd duplication
8. Accelerating planning for Hunter Park (Broadmeadow sports and entertainment precinct) and associated transport upgrades, and providing certainty on development timeframes
9. John Hunter Health and Innovation Precinct, including fast-tracking Stage 2 to deliver on the full Clinical Services Plan identified for the Hospital
10. North West Lake Macquarie Catalyst Area, including fast-track of initiatives in the Priorities Plan and the proposed Place-Based Infrastructure Compact
11. Hunter Valley Thoroughbred Centre of Excellence, including upgrades at Scone and Cessnock racetracks that are advanced in planning and have recently been transferred to Racing NSW
12. New England Highway upgrades between Tenterfield and Newcastle

Fast tracking projects boosted in the 6 October Federal Budget, including securing any remaining funding shortfalls:

13. Singleton Bypass
14. Newcastle Inner City Bypass, including the interchange at John Hunter Hospital (Stage 5)
15. M1 extension to Raymond Terrace
16. Complete the business case and progress planning for faster rail between Sydney and Newcastle, including bringing forward practical, smaller upgrades to speed up and improve services

Community cohesion

17. Investment in social and affordable housing including new stock and renewal