



COMMITTEE
FOR THE
HUNTER

FEDERAL BUDGET 2024-25 SUBMISSION

ACKNOWLEDGEMENT OF COUNTRY

The Committee for the Hunter acknowledge the diverse Traditional Owners and Custodians of our region and recognise their enduring connection to land, water and culture.

We acknowledge the Awabakal, Biripi, Darkinjung, Geawegal, Guringai, Wannarua and Worimi peoples on whose land we live and work, and pay our respects to Elders past, present and emerging for their enriching contribution to Australian life.

THE COMMITTEE FOR THE HUNTER

The Committee for the Hunter is an independent and inclusive champion for the people of the Greater Hunter and their enterprises. Representing over 70 organisations including the largest employers and institutions in the region, we provide a unified voice for the Hunter. Our members are drawn from the private and community sectors and all three levels of government. We come together with a shared interest in building a sustainable, prosperous and equitable future for our region. The Committee delivers on that promise through advocacy on regionally-significant priorities, thought leadership and partnerships.

The diversification of the Hunter economy is the most significant priority of the Committee and our members.

More information about the Committee can be found at www.hunter.org.au

Contact Alice Thompson at ceo@hunter.org.au or 0438 808 982 to discuss any aspect of this submission.

Department of the Treasury
Australian Government
PreBudgetSubmissions@treasury.gov.au

Thank you for the opportunity to provide a submission to the 2024-25 Budget.

INTRODUCTION

More focus, policy and investment in the Hunter relative to our size, strategic significance and capacity to do even more heavy lifting on national priorities

Place matters in economic development. In the case of the Hunter, some places are more important than others in delivering national objectives including economic growth, jobs, housing affordability, living standards, cost of living and emission reductions.

The Hunter is the largest regional economy in Australia and NSW, with the State's second largest city at its heart.

The region has two out of the top six fastest growing Local Government Areas (LGAs) in NSW. Three Hunter LGAs feature in the top ten for growth.

The region is home to the State's largest electricity users and emitters, and accounts for 83 per cent of NSW coal-fired electricity generation capacity. National emissions reductions, clean energy infrastructure and industry decarbonisation commitments clearly depend on investment and development in the Hunter.

The Hunter is also a \$65 billion economy entering structural adjustment as the contribution of coal to the regional economy will decline over time. Over 17,000 direct jobs in coal mining and energy generation are impacted, along with thousands more in business supply chains.

The region's economy is diverse and growing with population and employment demand high. However, the scale and speed of the transition to the new, clean economy exceeds local and national experience.

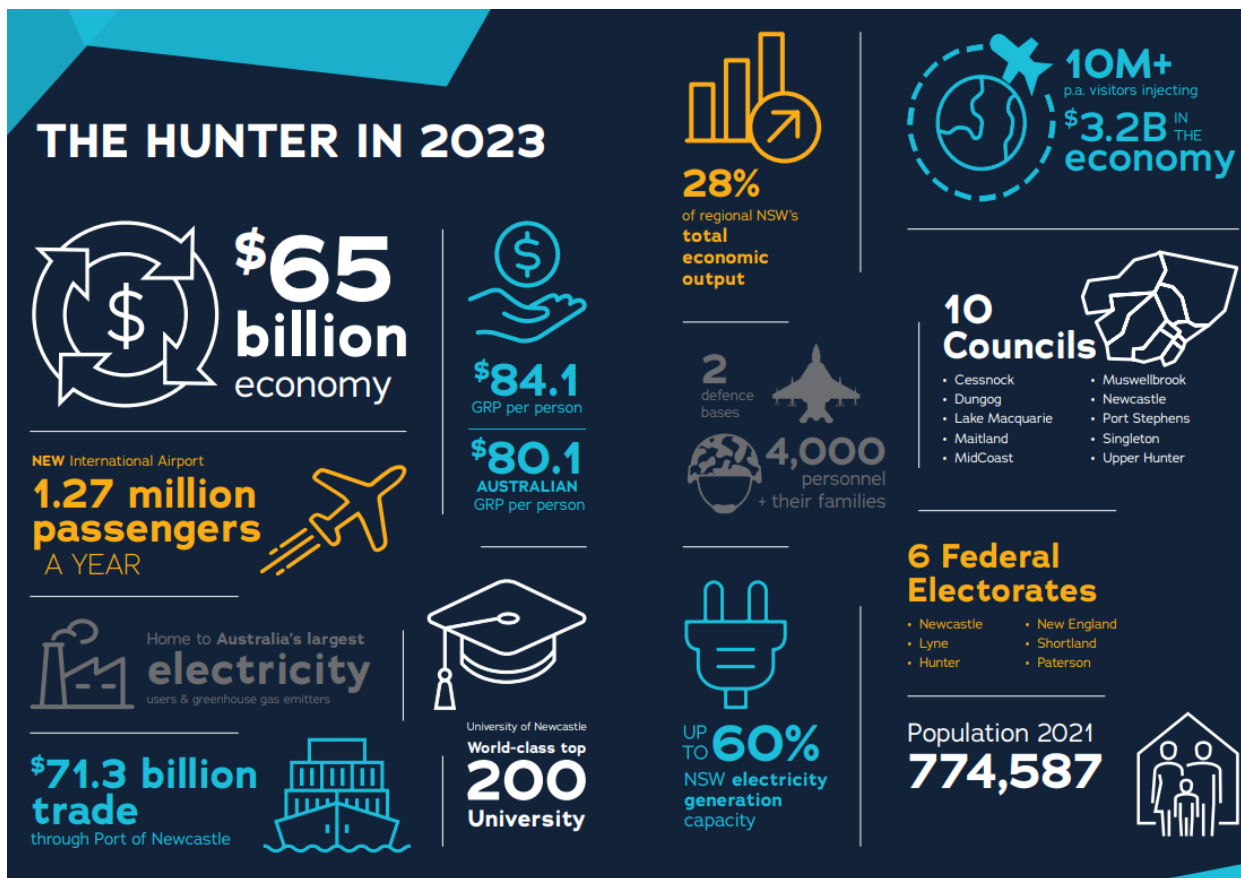
With smart policy and targeted investment, the Hunter will thrive through this change, sustaining our critical role in growing productivity and living standards for all Australian residents.

Instead over \$1.5 billion in government funding has been cut from the region across the NSW and Australian Governments.

As Australia's largest regional economy actively in transition, we are looking to the Australian Government for a better vision on the Hunter's role in the national economy in the 2024-25 Budget.

Targeted support that demonstrates understanding of the capacity of the Hunter in driving national productivity and industrial transformation, and that Government is focused on supporting coal regions through change.

ABOUT THE HUNTER



Australia's largest regional economy

- Partner of significant scale and capacity in delivering national priorities
- Big enough to experience the benefits and challenges of a large economy and population, smart enough to create solutions for the world.

Embracing disruption with an origin story like no other

- Transforming our industrial and coal foundations into a diverse and highly specialised economy
- Driving Australia's clean energy and zero carbon future, with hands-on opportunities to make a difference on the most significant challenge of our generation.

A smart economy where our people are the most important resource

- Our unique innovation signature is smart and applied
- Education, research, industry and government collocated, accelerating innovation, enterprise and partnerships
- Envious liveability and affordability for our talent.

HUNTER PRIORITIES

The Committee presents regionally significant priorities to the Australian Government for consideration in the 2024-25 Budget.

These initiatives were identified through consultation, evidence and expert advice. They have been selected because they:

- Support the diversification and sustainability of the Hunter economy
- Deliver significant employment, economic and social benefits
- Promote equitable development, benefiting communities across the Hunter region and beyond
- Leverage significant partner funding
- Align with and deliver national priorities
- Enjoy stakeholder support.

The Committee has not prepared a wish list of ad hoc projects.

These are long-term priorities that benefit from traction over the next year.

We know we get better outcomes when public investment is coordinated across departments, levels of government and sectors in a long-term plan for the Hunter's future.

That's why many of our recommendations call for greater coordination across the NSW and Australian Governments, and for the Australian Government to leverage their major infrastructure spend in the region to influence NSW priorities and get better outcomes from existing investment.

International Gateways

Achievements

- \$66M Newcastle Airport Code E Runway
- \$55M Newcastle Airport international terminal expansion
- \$100M expansion F-35 maintenance hangars
- \$100M aircraft coating facility Williamtown
- \$100M Port of Newcastle Clean Energy Precinct
- \$2.1B Pacific Motorway extension to Raymond Terrace
- \$560M Singleton Bypass
- \$603M Muswellbrook Bypass

Priorities

- ✓ Continued support for the Port of Newcastle's diversification including the Clean Energy Precinct and containerised trade.
- ✓ Work with the NSW Government to deliver more benefits from the Australian Government's significant downpayments into the Newcastle Airport, Williamtown RAAF base, Port of Newcastle and national freight network:
 - Enabling infrastructure and streamlined planning approvals for the development of a defence and aerospace precinct at Williamtown (the former NSW Special Activation Precinct).
 - Defence and aerospace industry growth strategy.
 - Funding to promote the new international airport at Newcastle, including securing international carriers, passengers and freight.
 - Improvement of public transport to the airport and aerospace precinct.
 - A freight and supply chain strategy and sequenced project pipeline as part of the *Strategic Integrated Regional Transport Plan Hunter*.
 - Progress on the Lower Hunter Freight Corridor.

Background

The Australian Government has recently invested over \$3.6B in major economic infrastructure that unlocks capacity, productivity and diversification of the Hunter's international gateways – Newcastle Airport and Port of Newcastle.

With enabling infrastructure in planning or construction phase, other actions and investments are required by the NSW Government to maximise the benefits and have a more strategic approach to the development of the Hunter's international gateways and the industries these support.

Clean energy & hydrogen

Achievements

- Shortlisted two Hunter projects for the \$2B Hydrogen Headstart Program.
- \$70M for the Origin-Orica Hunter Valley Hydrogen Hub
- \$100M Port of Newcastle Clean Energy Precinct
- Pacific Ocean off Hunter offshore wind declaration
- \$20B Rewiring the Nation program
- AGL Energy's Liddell battery in expanded Capacity Investment Scheme
- \$1.3B Hunter Power Project
- \$16M Hunter new energy skills hub
- \$50M Trailblazer for Recycling and Clean Energy

Priorities

- ✓ Confirm and promote the pathway for additional clean energy supply and infrastructure required to support large-scale hydrogen development in the Hunter for domestic use and export.
- ✓ Education facilities and new, compressed pathways that cross universities, TAFE, research, industry and schools to strengthen the delivery of education and training in the region and create a pipeline of job-ready graduates in clean energy and hydrogen.
- ✓ Increase R&D support for clean energy and hydrogen technology.
- ✓ A world class business concierge in partnership with the NSW Government and regional stakeholders, focused on clean energy.
- ✓ Declare the Hunter hydrogen hub a Special Economic Area with targeted incentives, policies, streamlined planning and regulation, and other conditions like competitive access to shared infrastructure, R&D and low cost education and training. This would attract business, technology, innovation and workforce and leverage existing government support to multiply benefits from public and private investment.

Background

The Hunter hydrogen hub – the only NSW hub in the national hydrogen strategy – is the biggest and most comprehensive in Australia, with the largest capacity for growth and diversification. Development benefits from a coordinated place-based approach focused on the Hunter, complemented by national measures.

The **Hunter Hydrogen Infrastructure Masterplan** brings together projects and infrastructure providers to define water, clean energy and workforce requirements, providing recommendations on shared infrastructure to accelerate, scale and reduce costs of development.

Success relies on access to low cost and reliable clean energy. Governments have committed to accelerate renewables to replace coal fired generation capacity. But the plan to secure an additional 5.9GW of additional clean energy required to power a large-scale hydrogen economy in the Hunter is not transparent. This threatens the Hunter's competitiveness in attracting and securing critical investment in hydrogen.

Transition governance & programs

Achievements

- Establishment of the Net Zero Economy Agency, precursor to the Authority
- \$400M Regional Precincts and Partnerships program

Priorities

- ✓ Investment in major economic infrastructure and precincts that catalyse new jobs and industry, targeting the Hunter's sectors of competitive advantage.
- ✓ Central support services helping affected workers and SMEs in coal supply chains diversify and access new opportunities.
- ✓ A New Deal for the Hunter, coordinating all three levels of government in a long-term shared plan for investment and productivity.

Background

The task of transition is to create new economic activity and jobs in sector the Hunter is good at, and connect affected workers and businesses to these opportunities. Industry strengths include energy and resources, health innovation, manufacturing, defence, wine tourism, knowledge services and research.

The capital investments that will enable new industry growth at scale and multiples of private sector contributions are beyond the capacity of regional funding programs committed by the Australian and NSW Governments. These include major infrastructure and precincts that showcase the transformation of former coal mining and power generation assets. Ad hoc local and community infrastructure will never meet the task for a \$65 billion economy in transition.

This submission has identified several actions needing to be taken by the NSW Government to maximise the benefits of the Australian Government's infrastructure program in the Hunter.

There will be better outcomes when investment and reform is coordinated. The Western Sydney City Deal – initiated by the Australian Government – provides an intergovernmental model for application to regions in transition.

Growing pains

The Hunter is experiencing a population boom and job demand is strong.

There is capacity and appetite for further growth. But growing pains such as housing affordability, congestion, overcrowding and access to services must be managed to harness the benefits that come with scale and not diminish quality of life.

New homes, including private and social/affordable, are not keeping up with demand

Planning reforms are underway. But with considerable capacity for infill and greenfield housing on appropriately zoned land, growth infrastructure including transport and schools, is the major impediment to housing supply in the Hunter.

We recognise the Australian Government has invested heavily in major road upgrades in the region, including the M1 to Raymond Terrace and the Newcastle, Muswellbrook and Singleton bypasses. Focus now needs to be on transport infrastructure that unlocks housing.

✓ *\$500M for enabling infrastructure will release 40,000 homes stuck in planning pipelines.*

The Committee welcomes progress on High-Speed Rail, but this came at the expense of achievable, near-term improvements to Australia's busiest region rail corridor, linking the most populous city with the largest regional economy

\$1.5B in funding for Sydney-Newcastle faster rail was cancelled by the NSW and Australian Governments in 2023.

If ever there was project that could drive affordable housing at scale, decentralise population and offer residents more choices for living, it was a program of improvements to the existing Sydney-Newcastle heavy rail.

The Newcastle-Lake Macquarie transport district experienced over 6 per cent population growth between Census counts without commensurate investment in public transport. Several stations identified for higher density by the NSW Government only have one service an hour, less on weekends. Existing services - bus or rail - are not up to scratch to take much more density.

- ✓ *\$1.5B in funding previously committed to fast rail could go a long way in making public transport better in the Hunter in alternative ways, while making a dent on growth infrastructure holding back housing.*
- ✓ *Plan for the future AND get on with immediate improvements to Sydney-Newcastle rail that make a material difference to commuters, residents and the economy in years, not decades.*

Transport, health and education infrastructure investment is not commensurate with the Hunter's relative size, scale, high growth rates, economic contribution to the nation and capacity for productivity gains

The Committee is seeking parity in funding outcomes experienced by the region for base public infrastructure and services.

Tertiary education levels are one of the bluntest indicators of success in modern economies.

High school completions and tertiary education rates across the Greater Hunter remain stubbornly below Australian averages. This is not explained by the region being small, remote or lacking in resources.

There is unmet demand for tertiary educated workers across all sectors in the Hunter. A quality education system is also a significant factor in attracting working families necessary to meet labour demand. Accessibility is frequently raised as a barrier to education by young people in the Hunter.

Australia's ability to compete in the economy depends on a smart and skilled workforce and the Hunter's smart, skilled workforce is one of the nation's best assets.

- ✓ *The Australian and NSW Governments must urgently partner with industry, business, education and research institutions in a comprehensive program to raise educational outcomes for Hunter communities and build the workforce our changing economy needs.*
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