

NSW 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.

The Hon Daniel Mookhey
Treasurer of NSW
NSW Government
Via website form

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 NSW priorities

Place matters in economic development. In the case of the Hunter, some places are more important than others in delivering State objectives including housing, clean energy and climate, economic growth and raising living standards.

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. State 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 powering the NSW economy and raising living standards for all NSW residents.

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

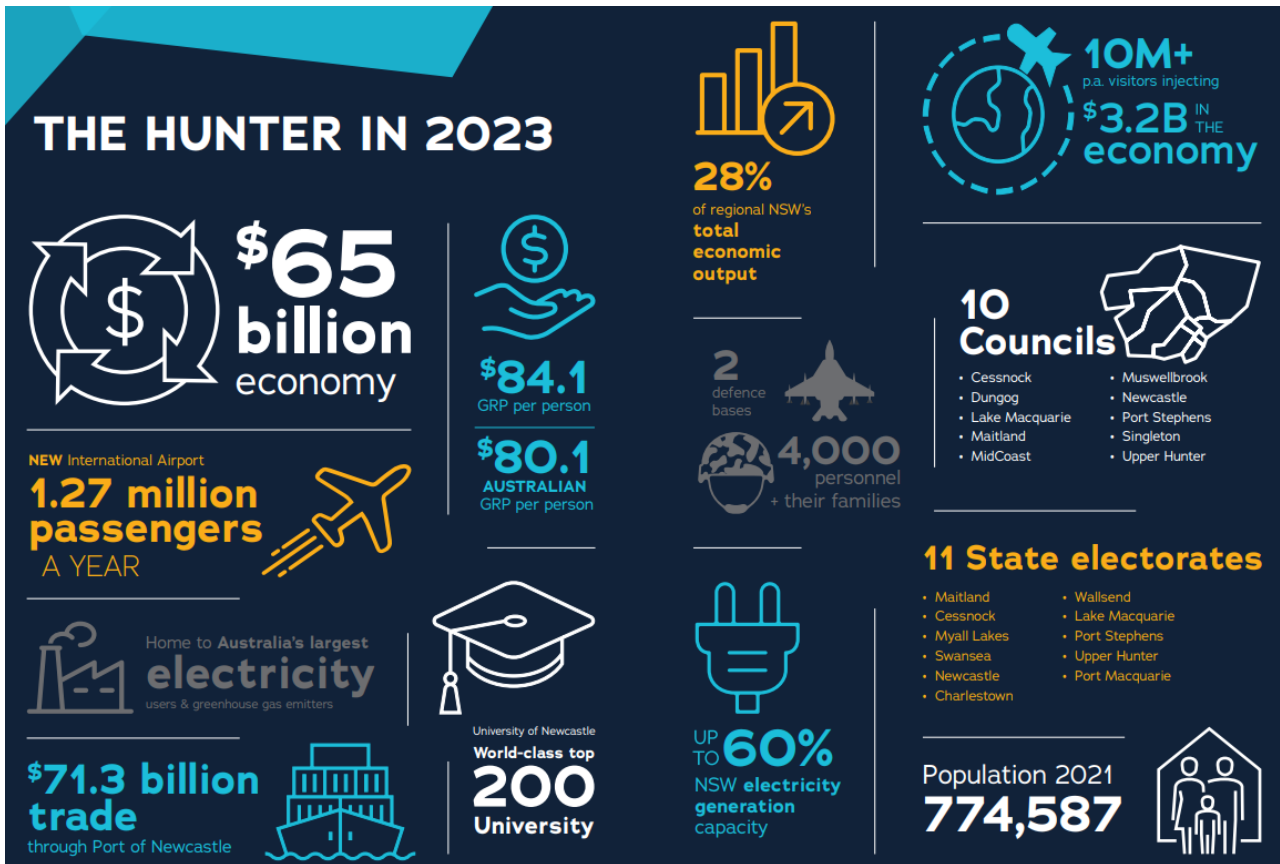
We need a better vision to emerge from the 2024-25 NSW Budget on the Hunter's role in the State economy. Targeted support that demonstrates understanding of the capacity of the Hunter and that Government is focused on supporting coal regions through change.

The Committee for the Hunter's membership brings together unions, all three levels of government, industry, business and the social sectors to provide a unified voice on the Hunter's priorities. These include the largest employers, service providers, institutions and economic anchors in the region. We coordinate closely with our fellow representative and peak bodies.

The Hunter knows what needs to be done and is getting on with the job. We are all at the table working together to secure a more prosperous future for our community.

We are looking to the 2024-25 Budget for assurance that the NSW Government also shares our vision for the region and is committed to partnering with us to speed up and scale local efforts.

ABOUT THE HUNTER



Australia's largest regional economy

- Partner of significant scale and capacity in delivering NSW 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 NSW'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 NSW 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.

We know that budgets are tight and there is competition between priorities.

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.

Many of our recommendations call for existing commitments to be strengthened and expedited.

We also 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. Our recommendations call for greater coordination across departments and levels of government to increase the benefits of existing public policy and funding.

Current NSW Government resources in the region and savings from Hunter projects cut in the 2023 budget can be utilised to offset priorities

- 60 per cent of NSW coal royalties generated by the Hunter
- \$500M Syd-Newcastle fast rail
- \$25M Williamstown Special Activation Precinct
- \$5M Newcastle Mine Grouting Fund
- Proportion of \$220M Resources for Regions
- \$75M (\$25M p.a.) Royalties for Rejuvenation fund
- ~\$300,000 Great Cities Commission Hunter-based staff including the Lower Hunter Greater Newcastle Commissioner

The Committee's advocacy to an incoming Labor Government following the 2023 election was for continuity between terms of government and to focus on delivery of commitments

Our advice noted regional stakeholders were significantly aligned on what needs to be done and the foundations were in place. The focus was to deliver on commitments made especially where projects have stalled, and for funding, projects and benefits to hit the ground.

We would appreciate an update on the following projects, programs and initiatives:

- A plan to grow the defence and aerospace industry at the Newcastle Airport in the void of the **Williamtown Special Activation Precinct (SAP)** cut in 2023.
- Development of a new or revised metropolitan Plan for Greater Newcastle with the cancellation of the **Greater Cities Commission and City Plan** process. The existing plan was released in September 2018 with a commitment for annual reporting and 5-yearly review.
- Directions for **the strategic use and/or divestment of the Intertrade Site**, Mayfield following close of the EOI process in July 2023 with no successful proponent identified and a pause on the sale of government-owned land. Property and Development NSW is the asset owner.
- Outcome of the Call for Detailed Proposals and government's preferred development pathway for **Honeysuckle HQ**.
- Direction, progress and timing of the **Lower Hunter Freight Corridor** project following confirmation of the route in 2022.
- Status and release of the **Hunter Industrial Decarbonisation Roadmap** following close of consultations late-2023.
- A **Modern Manufacturing Strategy** to grow manufacturing capabilities in NSW. This was the remit and commitment of the NSW Modern Manufacturing Commissioner, position cancelled in 2023.
- Status and directions for the **Old Maitland Hospital** site, including decampment of remaining services onsite to new facilities close to the New Maitland Hospital.
- Activation and release of the \$75M now stockpiled in the **Royalties for Rejuvenation fund**.

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 Williamstown
- \$100M Port of Newcastle Clean Energy Precinct
- \$2.1B Pacific Motorway extension to Raymond Terrace
- \$560M Singleton Bypass
- \$603M Muswellbrook Bypass

Priorities

- ✓ Deliver more benefits from the Australian Government's significant downpayments into the Newcastle Airport, Williamstown RAAF base, Port of Newcastle and national freight network:
 - \$27M Newcastle Airport Air Cargo Terminal
 - \$15M airline attraction fund to secure international carriers
 - \$6M airline base establishment fund
 - Improvement of public transport to the airport and aerospace precinct.
 - Revise the NSW Freight and Ports Strategy and associated planning policy to incorporate a container terminal at the Port of Newcastle and international services at Newcastle Airport.
 - Direction and progress on the Lower Hunter Freight Corridor.
 - Freight and supply chain strategy and sequenced infrastructure pipeline as part of the draft Hunter Strategic Regional Integrated Transport Plan process.
 - Use and/or divestment of the State-owned Intertrade site consistent with the Port of Newcastle masterplan and Clean Energy Precinct.
- ✓ A plan to grow defence and aerospace industries and accelerate precinct development at Newcastle Airport in the absence of the Williamstown Special Activation Precinct:
 - NSW defence and aerospace industry growth strategy with a targeted plan for the Hunter, streamlined planning pathways, resourcing for business attraction and enabling infrastructure.

Background

The Australian Government has heavily invested 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 now required by the NSW Government to maximise benefits and have a more strategic approach to the development of the Hunter's international gateways, freight network and the industries these support.

Clean energy & hydrogen

Achievements

- Shortlisted two Hunter projects for the \$2B Hydrogen Headstart Program.
- \$70M (AG) & \$45M (NSW) 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
- \$1B Solar Sunshot program

Priorities

- ✓ Confirm and promote the pathway for additional clean energy generation 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 tertiary, TAFE, research, industry and schools to create a pipeline of job-ready graduates in clean energy and hydrogen, including locating a Manufacturing Centre of Excellence in the Hunter.
- ✓ Partner in an industry and locally-led business concierge service, initially focused on clean energy and technology.
- ✓ \$1.53M for the collaborative development of a hydrogen water servicing plan, led by Hunter Water in collaboration with CONexa and hydrogen projects
- ✓ 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.
- ✓ Embed conditions to partner with local business in procurement and grants for clean energy and tech projects.

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 state and national policy.

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 Australian Government Net Zero Economy Agency.
- Australian Government Net Zero Economy Authority Bill introduced.
- Announcement of NSW Future Jobs and Investment Authorities, including for the Hunter.

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.
- ✓ Adaptive reuse of coal mining and power plant sites to drive new business, economic growth and jobs.
- ✓ A funded, intergovernmental agreement establishing a long-term plan for growth and public/private investment in the Hunter.
 - Coordination of the NSW Future Jobs and Investment Authorities with the federal Net Zero Economy Authority

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 NSW Government. These include major infrastructure and precincts that showcase the transformation of former coal mining and power generation assets. Ad hoc funding for community infrastructure and services will never meet the task for a \$65 billion economy in transition.

This submission has identified areas of where we need the NSW and Australian Governments working together.

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 more housing supply in the Hunter.

We recognise investment in major road upgrades in the region, including the M1 to Raymond Terrace and the Newcastle Inner City, Muswellbrook and Singleton bypasses. Focus now needs to be on infrastructure that unlocks new housing and enables denser development.

The University of Newcastle is a provider of affordable housing, accommodating over 1,700 students across the Hunter and Central Coast with plans for an additional 450 beds through the proposed City Campus Student Accommodation project.

- ✓ *\$500M for transport infrastructure to release 40,000 new homes stuck in planning pipelines.*
- ✓ *Infrastructure funding to support housing density around the seven Hunter stations prioritised in the new Transport Oriented Development program.*
- ✓ *Partner with Lake Macquarie City Council on a Place Strategy for Morrisset.*
- ✓ *Investigate State-owned land at Cockle Creek for the Transit Oriented Development program.*
- ✓ *Expedite assessment of the University of Newcastle City Campus Student Accommodation proposal on lodgement of the State Significant Development Application.*

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 there was project that could help drive affordable housing at scale, decentralise population and offer NSW residents more choices for living, it was improvements to the existing Sydney-Newcastle heavy rail as part of a program for future high speed 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.

- ✓ *\$500M in NSW funding previously committed to fast rail could go a long way in making public transport better in the Hunter in an alternative plan.*
- ✓ *Commit to the Hunter being the first Net Zero public transport network in NSW, including a ten-year plan for bus and depot electrification and trial/showcase of green fuels and fleets.*
- ✓ *Revive commitments to improve the existing Sydney-Newcastle heavy rail corridor and make a material difference to commuters, residents and the economy in years, not decades. This includes digital infrastructure upgrades between the Central Coast and Newcastle.*
- ✓ *Work with the High Speed Rail Authority to investigate station options for the Hunter including West of Lake Macquarie and Newcastle city, and Broadmeadow. Engage with regional stakeholders, major employees and trip generators in the process.*

Reinforce Broadmeadow as the new centre of transit oriented development and an enhanced regional public transport network, but don't hold back plans for Hunter Park

Broadmeadow, just 2km from the Newcastle city interchange, is in planning for over 16,000 new homes alongside a major sports and entertainment precinct on Government-owned land, Hunter Park. Improving public transport accessibility will be critical to supporting density and demand. With live discussions on the potential role of Broadmeadow in a future east coast high speed rail network, urban renewal provides a ready catalyst to rethink Hunter public transport networks and build modern services into the future.

A business case has been completed for Hunter Park promoting a new 11,000-seat indoor arena to replace the ageing and substandard Newcastle Entertainment Centre as the first stage of precinct redevelopment. After years of planning, momentum must be maintained to deliver Hunter Park while planning for Broadmeadow rezoning is underway.

- ✓ *Leverage the Broadmeadow Place Strategy and Hunter Strategic Regional Integrated Transport Plan processes to reinforce Broadmeadow as the anchor to an improved regional public transport network, including options for bus rapid transit services capable of accommodating future light rail.*
- ✓ *Consolidated governance coordinating NSW government landowners in the development of Hunter Park and Broadmeadow.*
- ✓ *A decision on the business case for a new Entertainment Centre at Hunter Park.*

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

The Committee is seeking funding for public infrastructure and services to bring health, education and socio-economic outcomes experienced by Hunter communities in parity with Sydney Metro and state averages.

Tertiary education levels are one of the bluntest indicators of success in modern economies. Yet high school completions and tertiary education rates across the Greater Hunter remain stubbornly below state 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 John Hunter Health and Innovation Precinct will modernise services and provide more capacity for the Hunter New England Local Health District. It will also accelerate and scale the development of the region's world-class health innovation and tech industry through concentrating the Hunter's growing health cluster in the precinct. Stage 1 is underway. Commitment is sought for Stage 2 to deliver the full Clinical Services Plan, and accelerate/scale the development of the region's world class health industry.

- ✓ *The NSW Governments must urgently partner with the Australian Government, 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.*
 - ✓ *\$5M to develop a Master Plan for the John Hunter Health and Innovation Precinct Stage 2.*
-