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Few regional highlights in broad-based budget

Business Hunter has given a lukewarm rating to the Federal Budget delivered tonight by Treasurer Jim Chalmers, which contained little in the way of regionally specific project funding, with the promise of some benefit to the Hunter from broader budget measures.

Business Hunter CEO Bob Hawes said there were few surprises in the budget, with its major reforms and spending priorities having been largely pre-announced. While it contained some groundbreaking measures on tax reform, productivity and addressing generational housing inequity, expectations of regional spending were justifiably low in the lead-up, given the absence of local announcements and frontbench visitors to the Hunter.

“There are some benefits to the Hunter will come from broad measures such as the \$53 billion increase in defence spending over the next 10 years, which provides opportunities for supply chain businesses in our region by lifting spending on unmanned systems, sustainment and missile production,” Mr Hawes said.

“There is great potential for SMEs to contribute to the development and production of unmanned systems due to their scale and need for innovative approaches and niche expertise.

“The increase in sustainment funding is good news for primes and supplier businesses connected to the Williamstown RAAF base, which is the premier base for Australia’s F35 fleet and a regional hub for repair and maintenance, and the establishment of the Kongsberg facility will position the region to benefit from a greater emphasis on missile production.

“The \$2 billion fund for enabling infrastructure for housing will support the construction sector and boost housing supply, but with only \$500 million to go to the regions, it will be spread thinly and is not the panacea for accelerating housing delivery.”

Mr Hawes said the budget reprioritised and redirected funding away from some old initiatives towards the new Boosting Productivity reforms, among them measures to streamline and accelerate renewable energy projects, which will improve certainty and encourage investment.

“There was also a reprioritisation of funding in the skills workforce portfolios to underwrite previously announced programs targeting key apprenticeship and training disciplines, but no funding to entice small- and medium-sized businesses to increase the uptake of apprentices and trainees, which has sagged since subsidies were cut at the start of this year,” Mr Hawes said.

Among Hunter-specific commitments were \$25.3 million to establish new Medicare Urgent Care Clinics across the Hunter and Central Coast and a \$1 million top-up to the \$5 million package announced last year for masterplanning to support the reuse of mining lands in Lake Macquarie and Muswellbrook.

The previously announced Lake Macquarie Mines Grouting Fund and Port of Newcastle’s hydrogen-ready project received allocations of \$10 million and \$8 million respectively. The \$230 million announced in February for the development phase for the Newcastle-to-Sydney High Speed Rail link is also confirmed in the budget papers.

The budget contains measures that will benefit regional businesses, including confirmation that the instant asset write-off for SMEs on assets up to \$20,000 will be made permanent. Measures to increase and stabilise fuel supply should have a positive impact on price fluctuations and consumer confidence, helping to relieve some of the recent cost pressures on business.

Mr Hawes said it was disappointing, but not unexpected, that the budget contained no mention of a support package for Tomago Aluminium.

“The budget does reinforce support for the Boyne aluminium smelter in Queensland and the Whyalla Steelworks in South Australia, both the subject of joint state-federal funding agreements reached earlier this year,” he said.

“We can only assume that the Tomago package will be finalised outside of the budget process and urge the NSW and federal governments to get the deal done.”

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