

An aerial photograph of a city, likely Sydney, Australia, showing a harbor with a large island in the center. The city extends to the mountains in the background under a blue sky with light clouds. A dark semi-transparent rectangle is overlaid on the center of the image, containing the text.

BUSINESS HUNTER

CELEBRATING 140 YEARS

**Australian Government Pre-Budget
Submission 2026-27**

Learn more at
businesshunter.com

Introduction

Business Hunter welcomes the opportunity to contribute to the Australian Government's 2026–27 Federal Budget.

As the peak organisation for business and industry in Australia's largest regional economy, Business Hunter represents more than 4,400 member and affiliate businesses and industries spanning all sectors and sizes, from start-ups through to large corporations with national and international profiles.

The next 12 months will be a pivotal period for the Hunter. The acceleration of the energy transition is materially altering the region's industrial base, workforce and investment landscape. Targeted Federal Budget measures are required to support an orderly transition that protects existing industries while enabling new energy, manufacturing and supply chain opportunities and building the workforce of the future. To this point, we commend the actions the Federal Government is taking to secure the future of Tomago Aluminium while simultaneously underwriting the development of new renewable energy sources. Furthermore, the work the Net Zero Economy Authority and acquittal of initiatives under the Future Made in Australia program are critical for the Hunter and we look forward to working with the Government to achieve mutual objectives.

Economic diversification is an equally urgent regional priority. Long-term regional resilience will depend on accelerating growth in sectors including advanced manufacturing, defence and aerospace, resources and critical minerals processing, clean energy, health and the visitor economy. Federal investment in enabling infrastructure, skills and innovation is essential to attracting investment and supporting workforce transition.

Business Hunter is connected to the state and national business communities through affiliations with Business NSW and the Australian Chamber of Commerce and Industry (ACCI). While our submission focuses specifically on opportunities and challenges pertinent to the Hunter, we support the positions advanced in the respective 2026–27 Budget submissions of our partner organisations, particularly those focused on productivity, competitiveness, workforce participation and investment certainty.

The recommendations outlined in this submission are concentrated on ensuring the 2026–27 Federal Budget delivers practical, regionally responsive outcomes that enable the Hunter to continue powering the nation through transition, diversification and economic growth.



Bob Hawes

Chief Executive Officer, Business Hunter

Regional priorities and recommendations

1. John Hunter Hospital Health and Innovation Precinct masterplan

The John Hunter Hospital Health and Innovation Precinct (JHHHIP) will create a nationally significant hub for health, research, education and innovation, anchored by one of regional Australia's busiest tertiary hospitals and a globally recognised medical research institute. The completion of the NSW Government's \$835 million John Hunter Hospital expansion presents a unique opportunity to strategically plan and realise the full potential of the surrounding 88 hectare precinct. As the expanded hospital comes online, demand will increase for research facilities, health adjacent commercial development, transport connectivity, and workforce accommodation and services.

Approximately \$5 million in federal funding is sought to develop a comprehensive masterplan to guide staged investment, integrated land use, infrastructure delivery and private sector involvement.

Beyond healthcare delivery, the precinct will deliver substantial economic benefits, including high value job creation, SME growth and a skilled workforce pipeline through partnerships with universities, TAFE and industry. Health is already the region's largest employer and central to economic diversification, and this project positions the Hunter as a national leader in medical research, health technology and innovation driven industries.

A joint submission by Hunter New England Health and the Hunter and Central Coast Development Corporation was lodged under Stream 1 of the RPPP program in September 2024, with the outcome pending at the time of writing. The proposed master planning is strongly supported by industry and community stakeholders across the Hunter, who recognise the modest investment sought will deliver significant long term economic and social returns.

Recommendation:

Provide \$5 million for the master planning of the John Hunter Health and Innovation Project, through either the Regional Precincts and Partnerships Program or a direct budget allocation.



2. Workforce and skills development study

Labour and skills shortages are a major constraint for businesses in the Hunter region. Business NSW's State of Skills 2024 report ranks the Hunter as the third highest region in NSW for workforce shortages, with 81 per cent of businesses affected. Business NSW's quarterly Business Conditions Survey consistently shows up to 60 per cent of local firms operating below capacity due to difficulty sourcing suitably skilled workers.

Data highlights a growing mismatch between workforce capability and employer needs. More than 30 per cent of advertised vacancies in the Hunter require degree level qualifications, yet less than 10 per cent of active job seekers hold this level of education. At the same time, a low participation rate points to untapped labour potential outside the current workforce. These shortages present not only immediate operational challenges but also a serious risk to the Hunter's ability to diversify into emerging industries such as renewable energy, medical technology and advanced manufacturing – key priorities for both NSW and the Australian Government under the Future Made in Australia Act.

As a central region in Australia's energy transition, the Hunter is well placed to pilot a project that will assess current and future workforce demand, the effectiveness of existing upskilling and retraining pathways, and develop practical solutions to persistent skills shortages. The findings could inform similar initiatives nationally.

This work aligns with the remit of the Net Zero Economy Authority and the Department of Employment and Workplace Relations, which we suggest could work in partnership with Business Hunter and other regional employer and employee organisations.

Recommendation:

Provide funding, through a relevant government department or agency, to support a pilot study that will identify and address gaps between workforce skills capability and demands and provide retraining and upskilling solutions to build the Hunter's future workforce.

3. High Speed Rail

The proposed High Speed Rail link between Newcastle and Sydney presents a once-in-a-generation opportunity to transform connectivity between Sydney and Newcastle and super-charge economic growth in the Hunter.

Funding and delivery of a Newcastle–Sydney link would generate significant immediate economic stimulus, skills development and job creation for the Hunter through the planning and construction phase, while fundamentally reshaping the region's economic geography over the long term. Travel times of under one hour would integrate the Newcastle and Sydney labour and business markets, driving population growth, unlocking new opportunities for housing and making the region more competitive for national and international investment.



While details of the business case completed by the High Speed Rail Authority have not been made public, it is imperative that progress on this transformational infrastructure project continue. Corridor identification and preservation should be prioritised using the existing funding stream while the Government considers a full investment decision.

Recommendation:

Allocate funding from the \$500 million committed to early-phase development of High Speed Rail in the 2022-2023 Federal Budget to progress work on corridor identification and preservation, ensuring project momentum is maintained.

4. Defence industry and workforce development

The Hunter region is a national hub for defence activity, hosting Australia’s prime air combat base at RAAF Williamtown and an infantry training facility in the Singleton Military Area. A major defence industry has grown around these strategic assets, with many Defence Primes having a presence in the region and a significant number of local manufacturers and providers engaged in the supply chain.

Business Hunter is supporting two initiatives to boost regional business participation in the defence industry and support skilled workers to transition from traditional pillar industries into defence roles as the regional economy continues to evolve.

i. Defence industry Workforce Transition Strategy

A proposal has been put forward to the Minister for Employment and Workplace Relations for a \$150,000 commitment to support the development of a Defence Industry Workforce Transition Strategy to help meet workforce demands for the defence industry in the Hunter and nationally. It is estimated that more than 500 new workers will be required by Defence Primes alone within the region over the next two to five years. The strategy will be developed in partnership with Hunter Defence, a collaborative of businesses and industry organisations associated with the defence industry in the Hunter. The work will also involve collaboration with relevant government agencies including Training Services NSW and TAFE NSW, the University of Newcastle and national organisations representing defence industries.

ii. Hunter Defence Industry Attraction Fund

Newcastle Airport, which sits adjacent to the RAAF Williamstown Air Base and shares its runway, has developed Astra Aerolab, a business and industry precinct to support the aviation and defence industries. Already the precinct has been successful in attracting major Primes in Lockheed Martin, BAE Systems and Kongsberg, with the latter bringing a new capability in missile production to the region. The precinct has potential to support more than 4,500 jobs in advanced industries and become a national centre for aerospace, STEM skills and development of sovereign capability.

Newcastle Airport is seeking \$1 million from the Federal Government to establish a Hunter Defence Industry Attraction Fund to support SMEs seeking to base operations at Astra Aerolab and contribute to the broader defence and aerospace ecosystem. The Fund will also support the development of an Education and Innovation Hub, a platform for education, training and skilling initiatives for Defence Primes and SMEs.

Recommendation:

Allocate \$150,000 and \$1 million respectively to support the Defence Industry Workforce Transition Strategy and Hunter Defence Industry Attraction Fund.

5. Hunter Region International Air Freight Precinct

The expansion and upgrade of Newcastle Airport is a major boost for the regional economy, with significant economic uplift forecast to come from expansion of both the visitor economy and increased freight opportunities.

The Hunter Region International Air Freight Precinct is the missing link in the Hunter's air-based supply chain, and funding for precinct planning is key to unlocking the region's economic potential. A high-level [feasibility study](#) has been completed by Hunter Joint Organisation that identifies the need for the Hunter region to have an international air freight capability at Newcastle Airport.

Newcastle Airport is seeking \$1 million in government funding to support planning to define, value and design the precinct, making it shovel-ready for future activation.

Recommendation:

Allocate \$150,000 and \$1 million respectively to support the Defence Industry Workforce Transition Strategy and Hunter Defence Industry Attraction Fund.

6. Australian Public Service Academy

The Australian Public Service Academy Pilot Program has been operating successfully at the University of Newcastle since its establishment in 2023 and contributes to professional skills development in the Hunter region. The program has grown since inception, with students studying and working on projects for 13 agencies across two streams, digital and data.

Building on this success, the University is seeking to make the program permanent and expand its reach, offering 100 regional students per year the opportunity to develop careers in the Australian Public Service. Business Hunter supports this objective as a means of growing the number of high-quality public jobs in the region and bringing more regional perspectives to policy-making and government analysis.

Recommendation:

Support the expansion of the Australian Public Service Academy to increase access to high quality, paid APS cadships for Hunter students, strengthening regional career pathways and embedding diverse perspectives in public policy.

7. Lower Hunter Freight Rail Bypass

Following many years of planning and community consultation, the reserve for the Lower Hunter Freight Rail Corridor has been identified. With current and projected population growth it is increasingly important to separate freight rail traffic from passenger services. This could also assist the High Speed Rail Authority in planning for high-speed rail into the future. Establishing the rail freight bypass will also open an opportunity to densify residential development along the existing rail line, helping to address the housing supply and affordability crises.

Business Hunter is supportive of respective levels of government moving quickly to progress planning, funding and development of the Lower Hunter Freight Rail Bypass.

Recommendation:

Provide funding support to complete the corridor planning, property acquisition and construction of the Lower Hunter Freight Rail Bypass.



8. Major road projects

Business Hunter commends the NSW and Federal governments on investment in much-needed major road upgrades under way in the region that will enhance connectivity, improve safety and amenity for road users and boost productivity. We urge that forward funding continue in the Federal Budget to ensure full delivery of these projects on schedule.

These projects include:

- M1 Pacific Motorway extension to Raymond Terrace
- Hexham Straight upgrade
- Newcastle Inner City Bypass
- Singleton Bypass
- Mandalong Road upgrade
- Muswellbrook Bypass
- Nelson Bay Road upgrade.

Recommendation:

Continue forward funding of major state/federal road projects under way in the Hunter to ensure timely progress.

Summary

Project / sector	Recommendation
John Hunter Hospital Health and Innovation Precinct masterplan	Provide \$5 million for the masterplanning of the John Hunter Health and Innovation Project, through either the Regional Precincts and Partnerships Program or a direct budget allocation.
Workforce and skills development study	Provide funding, through a relevant government department or agency, to support a pilot study that will identify and address gaps between workforce skills capability and demands and provide retraining and upskilling solutions to build the future workforce.
High Speed Rail	Allocate funding from the \$500 million committed to early-phase development of High Speed Rail in the 2022-2023 Federal Budget to facilitate work on corridor identification and preservation, to ensure project momentum is maintained.
Defence industry and workforce development	Allocate \$150,000 and \$1 million respectively to support the Defence Industry Workforce Transition Strategy and Hunter Defence Industry Attraction Fund.
Hunter Region International Air Freight Precinct	Allocate \$1 million for precinct planning for the Hunter Region International Air Freight Precinct.
Australian Public Service Academy	Support the expansion of the Australian Public Service Academy to increase access to high quality, paid APS cadetships for Hunter students, strengthening regional career pathways and embedding diverse perspectives in public policy.
Lower Hunter Freight Rail Bypass	Provide funding support to complete the corridor planning, property acquisition and construction of the Lower Hunter Freight Rail Bypass.
Major road projects	Continue forward funding of major state/federal road projects under way in the Hunter to ensure timely progress.

Thank you for the opportunity to contribute to consideration of the 2026-2027 Federal Budget. Business Hunter welcomes further engagement on any of the projects or matters referenced in this submission.

The image features a clear blue sky above a landscape of rolling hills and green fields. The text 'BUSINESS HUNTER' is prominently displayed in a large, white, serif font, with 'BUSINESS' on the top line and 'HUNTER' on the bottom line. Below this, the text 'CELEBRATING 140 YEARS' is written in a smaller, white, sans-serif font.

BUSINESS HUNTER

CELEBRATING 140 YEARS

For further information:

Bob Hawes

CEO

M: 0418 496 745

E: bob.hawes@businesshunter.com

Amy De Lore

Policy and Public Affairs Manager

M: +61 488 956 413

E: amy.delore@businesshunter.com