



Australian Infrastructure Audit

Our infrastructure challenges

Submission August 2015

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INTRODUCTION

The Hunter Business Chamber welcomes the opportunity to provide this submission to Infrastructure Australia's *Australian Infrastructure Audit Report* (April 2015).

The focus by Infrastructure Australia on the spectrum of infrastructure challenges across the nation is welcome. Taking a strategic approach to addressing infrastructure hurdles is vital to our quality of life, economic growth, productivity and the future success of our nation.

Keeping pace with demand in regard to transport networks, (passenger and freight) and other essential services such as water security, energy and telecommunications is imperative in a highly competitive global economy.

The Hunter Business Chamber acknowledges and agrees that infrastructure to support significant growth in Australia's capital cities is a crucial element to be addressed by both this audit and the forthcoming Australian Infrastructure Plan.

Sydney, Melbourne, Perth, Brisbane and Adelaide are identified as the top five regions for *Infrastructure Direct Economic Contribution* (IDEC) (commonly referred to as value add).

The Chamber does not dispute that those cities are leading drivers of growth. However, this submission will emphasise the extraordinary opportunities available outside of metropolitan centres and highlight that unlike other countries, there is an apparent lack of awareness and understanding by national policy makers of the important role of secondary cities and centres in Australia.

In short, while the top five cities in this nation are the leading drivers of growth, it is often the secondary centres that provide the essential resources to enable them to be in this position.

It is disappointing that there is little or no demonstrable focus or commitment given to the vital role of secondary centres and this has Australia clearly at odds with international trends in a growing network of global cities, particularly in South East Asia and the US.

A cursory mention of Australian secondary cities and centres such as Newcastle and the Hunter Region is an inadequate approach in a national audit of this calibre and importance.

The Hunter Business Chamber recommends that a stronger national focus on secondary cities and centres should be a much higher priority in the Infrastructure Australia audit/plan process.

THE HUNTER BUSINESS CHAMBER & OUR REGION

The Hunter Business Chamber is the largest regional business chamber in Australia and was established in 1886. The Chamber represents almost 2,000 member businesses to all levels of government. The Chamber is the peak industry association in the Hunter which represents all sectors of business in the region.

The Hunter Business Chamber works as an integral part of the Chamber network in NSW and represents business at local, state and federal level to advocate for an improved operational climate for businesses in this region.

The Hunter is well recognised as the home to Australia's most resilient and diverse regional economy. The Hunter region in NSW just north of Sydney covers over 31,000 square kilometres and has over 660,000 people or 9% of the state's population.

An unparalleled cross section of industry calls the Hunter region home. Newcastle is the eighth largest city in Australia and is renowned for being the world's largest coal export port. The contribution to the region, state and nation from the port's operation has grown exponentially over the past ten years.

Newcastle, as the second largest city of NSW and the capital of the Hunter, has the ability to be a world class city, given its coastal location and close connections to the resource engine room of the Hunter Valley. A range of complementary and emerging industries, such as renewable energy technologies, medical research, the defence industry, tourism and the digital economy also have a bright future with the right platform for growth in place.

DEFINITION OF THE HUNTER

Successive governments have used a variety of methods and modelling to define the Hunter region. Whilst the chamber understands that this division is due to ABS data separation, by dividing the region in two it underestimates the importance of the region as a whole. It seems that the Infrastructure Australia Audit is continuing the trend of dividing the region into two sections, that is; '*Newcastle and Lake Macquarie*' and '*Hunter Valley exc Newcastle*'.

To apply boundaries that divide this crucial region in half is to ignore the importance of the economic networks and supply chains that are vital both within and external to, the Hunter. It is interesting to note that the NSW Government is currently preparing a regional plan which will cover the entire region.

The Australian Government has reconsidered which areas within the Hunter are included within the City of Newcastle (as most recently in the *State of Australian Cities Report 2014 – 2015*). The Department of Infrastructure and Regional Development have referred to the population of *Newcastle-Maitland* (with a population of 401,436) as the 'city'.

However, the 2014 -2015 [fact sheet](#) on Newcastle as a city is confused on precisely where the city boundaries lie as it makes mention of *Newcastle-Lake Macquarie* in one section, yet refers to *Newcastle-Maitland* in the remainder of the document.

In the 2010 *State of Australian Cities Report*, approximated *ABS Statistical Districts*¹ were used to identify regional cities/centres, however this has now transitioned to using *ABS Significant Urban Areas* in 2015.

Clarification of exactly what the Australian Government considers to be included in both the City of Newcastle and the broader Hunter region would be both useful and welcome. This is particularly important as decisions are made in regard to national infrastructure priorities and investment as a result of the forthcoming Australian Infrastructure Plan.

The Chamber notes that in the Infrastructure Australia table (page 5 of this submission), when the two values for IDEC for the entire Hunter region are added together that the region overtakes the Pilbara on the 2011 contribution figures. Whilst the combined Hunter figure remains at number seven for projected IDEC in 2031, it remains true that this region is already the most significant regional growth area in Australia and its importance will be even more pronounced as our major metropolitan centres continue to develop.

Areas like the Pilbara have had welcome and significant growth due to the mining boom, but will have difficulties sustaining large population growth or providing more diverse economic opportunities in the way other regional areas such as the Hunter can.

The Chamber asserts that capacity of existing secondary cities and centres should become a far greater focus than is currently the case, as Infrastructure Australia states;

*“Our four largest cities – Sydney, Melbourne, Brisbane and Perth – are projected to grow by 5.8million (or around 45%) from 12.8 million to 18.6 million in 2031. Areas around those cities- the Hunter, Illawarra, Gold Coast, Sunshine Coast and Geelong regions – are expected to grow from 2 million in 2011 to over 2.5 million in 2031. These four extended metropolitan areas will account for over two thirds of Australia’s population in 2031.”*²

Infrastructure Australia goes on to note in Volume One of the Audit, that it is ‘worth considering’ what actions can be taken to foster growth in regional centres (and in cities like Hobart, Adelaide, Darwin and Canberra), which are not expected to grow at the rates of the four largest cities.

*“Our cities are vital economic engines – but unless action is taken, growing congestion threatens to cost Australia \$53 billion by 2031 as the population increases to 30.5 million”.*³

The Chamber emphasises the importance of strategically examining the capacity of regions like the Hunter, as an increasingly critical component in the success of Australian urban networks.

¹ In the 2010 *State of Australian Cities Report* this included the local government areas of; Newcastle, Lake Macquarie, Cessnock, Maitland and Port Stephens (combined population of 531,191)

² *Australian Infrastructure Audit Report April 2015 – Executive Summary April 2015 pg 5 - 6*

³ *Australian Infrastructure Audit Report April 2015 – Executive Summary April 2015 pg 1*

Hotspots: Australia's top 20 regions for infrastructure Direct Economic Contribution 2031 (\$ million)

Rank	Region		2011	2031
1	Greater Sydney	NSW	42,756	79,834
2	Greater Melbourne	VIC	36,373	71,221
3	Greater Perth	WA	17,490	53,874
4	Greater Brisbane	QLD	20,823	44,837
5	Greater Adelaide	SA	12,068	21,090
6	Pilbara	WA	5,240	15,035
7	Newcastle and Lake Macquarie	NSW	4,725	7,741
8	Gold Coast	QLD	3,934	7,707
9	Australian Capital Territory	ACT	3,456	6,760
10	Hunter Valley etc Newcastle	NSW	3,607	6,134
11	Illawarra	NSW	3,088	4,790
12	Sunshine Coast	QLD	1,997	3,994
13	Gladstone – Biloela	QLD	971	3,753
14	Geelong	VIC	1,670	2,919
15	Hobart	TAS	1,809	2,882
16	Latrobe – Gippsland	VIC	1,809	2,708
17	Darwin	NT	1,224	2,650
18	Cairns	QLD	987	1,897
19	Bunbury	WA	887	1,805
20	Central West	NSW	1,167	1,792

SECONDARY CITIES: contribution and importance of city networks

“The world isn’t flat, it’s paved.”⁴

The World Health Organisation states urban population in 2014 accounts for 54% of the total global population, up from 34% in 1960 and continues to grow rapidly so that by 2050 around 70% of the world’s population will be living in urban environments [click here](#) .

If these projections are correct, then greater government attention is needed in regard to the crucial importance of our network of cities. Internationally, there is an increasing focus on the concept of secondary cities/centres and the part they play in domestic and international urban networks.

“Due to their sheer growing number, it is systems of secondary cities, such as cities with fewer than one million inhabitants that will have a greater influence upon the future economic development of nations and larger geographic regions.”⁵

A secondary city is commonly used to describe a city below the primary centres and the primary city is often referred to as; *“the leading city in its country or region, disproportionately larger than any others in the urban hierarchy”*.⁶

⁴ *The Triumph of the City: How our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier and Happier* Professor Edward Glaeser Penguin Books 2012

⁵ *The Systems for Secondary Cities: the neglected drivers of urbanising economies*. CIVIS no 7 – 2014 pg 2

⁶ Goddall, B (1987) *The Penguin Dictionary of Human Geography*, London Penguin Group

It is important to note that secondary cities can vary in size from around 100,000 to several million and this population range is largely down to the individual context of the country, economy, history and other key considerations.

Across the globe there are around 2,400 cities in the world that are often referred to as secondary cities. These cities are increasingly viewed as catalysts and trade hubs that provide vital services to a larger system of cities. They often have established supply chains, diverse economies and employment options and a wide variety of housing choices⁷.

Whilst secondary cities and centres are of crucial importance in larger developing countries such as India and China, there are also strong examples of cities in the USA, such as Portland, Oregon and Austin, Texas that are experiencing growth.

According to US census data from 2013, Austin, Texas has experienced the country's biggest growth from domestic migration (5% increase), while New York shrunk by around 2% in the same three year period. As at 1 July 2014, Austin had a population of 912,791 (U.S. Census Bureau estimate)⁸.

Whilst the Chamber does not assert that secondary cities and centres in Australia will overtake the capitals in regard to hierarchy, it is clear that cities such as Newcastle will need to take a more prominent role as economic corridors such as Newcastle-Sydney-Wollongong continue to grow.

Indeed, in many parts of the world cities that are located in similar corridors or clusters no longer view themselves as competitors, but have become growing economic powerhouses (for example, the growing Mumbai- Bangalore economic corridor in India).

As such, it is imperative that a strategic, not a political, approach to infrastructure investment in centres such as Newcastle/Hunter become a much higher priority for government. The competitive advantage that this region offers is self-evident due to existing infrastructure and key economic assets already in place.

Our supply chains; port capacity (both air and sea); energy and water security; telecommunications availability; education and research facilities (such as the prominent Newcastle Institute of Energy and Resources NIER within the University of Newcastle) and the ability to house a much larger population should be of significant interest to both the Australian and NSW Governments as they grapple with the growth projections and demand on areas such as Western Sydney.

⁷ *The Systems for Secondary Cities: the neglected drivers of urbanising economies*. CIVIS no 7 – 2014 pg 2

⁸ https://en.wikipedia.org/wiki/Austin,_Texas

The fundamental message is the Hunter has unparalleled capacity at a national level to take on further growth in a sustainable and complementary manner. This capacity must be viewed in light of the worldwide trend of the growth and increasing prominence of secondary cities and centres.

BUILDING ON EXISTING STRENGTHS – THE HUNTER’S CAPACITY TO DO MORE

The Chamber notes that the Australian Infrastructure Plan will be a fifteen year plan. It is intended to outline a range of reforms and refresh the nation’s priority infrastructure projects list. This audit will be an important tool in informing the development of the Plan for which public comment will be sought later in 2015.

We acknowledge the key challenges raised in the audit include;

- Productivity
- Population
- Connectivity
- Funding
- Competitive markets
- Governance
- Sustainability and resilience
- Regional issues
- Indigenous issues
- Best practice focus

The Audit report emphasises that Australia needs to obtain greater value from the infrastructure we already have and utilise these assets to best effect.⁹

The Chamber wholeheartedly agrees with this sentiment and has outlined below some of the Hunter region’s key infrastructure assets in this section with a particular eye to the capacity to accommodate growth.

The latent capacity of the Hunter region to take further growth is complemented by the world class infrastructure already in place. Housing opportunities, both greenfield and infill provides a key opportunity to accommodate a much larger population. Existing and proposed health and education facilities are world-class and attract leading academics and professionals.

The Hunter enjoys unsurpassed energy and water security. The Lower Hunter Water Plan developed by the Metropolitan Water Directorate in conjunction with Hunter Water Corporation has provided a model that is both flexible to accommodate growth but takes into account a range of climatic conditions.

⁹ *Australian Infrastructure Audit Report April 2015 Volume 1 pg 27*

It is well known that significant electricity generation capacity is located in the Hunter and it provides the majority of NSW's electricity. Yet the Hunter also has a strong focus on the development of renewable technology through organisations like the NIER Institute and CSIRO Energy Centre.

The focus on emerging renewable technologies is vital, yet it is less well known that this region is a leader in the development of more efficient and sustainable fossil fuel technologies, energy distribution networks and initiatives to reduce energy consumption.

The Port of Newcastle provides world-class infrastructure and provides a key trade platform for over twenty five different types of cargoes, which in 2014 equated to 164 million tonnes in trade.

It is the gateway to the central west, north and western NSW freight catchments and is located centrally to the larger centres of Sydney and Brisbane.

The principle cargo is of course, coal, but the port provides a range of diverse facilities for break bulk, bulk liquids, project cargo, general cargo and containers. Notably it has the only rail line on the berth face on Australia's east coast. The main shipping channel has a depth of 15.2 metres and handles around 4,600 ship movements a year with the capacity to more than double that number if required.

The Port has land holdings of 792 hectares which includes 200 hectares of vacant port side land that has significant deep water access. The capacity of the port, supply chains and vacant portside land all provide an unprecedented opportunity to accommodate further growth and diversification.

Newcastle Airport Pty Limited (NAPL) manages and operates Newcastle Airport (NTL) on behalf of Port Stephens and Newcastle City Councils. It currently provides interstate and intrastate air transport, and is serviced by Jetstar, Regional Express, QantasLink and Virgin Australia and Flypelican.

In 2005, Newcastle Airport underwent a significant redevelopment, increasing all aspects of the terminal—check-in, departures lounge and arrivals—to facilitate the sharp passenger growth due to the launch of Virgin (Blue) Australia and Jetstar. To enable and support this growth, Newcastle Airport has invested more than \$40 million in infrastructure including apron (tarmac) and taxiway redevelopments, building of car parks, and minor terminal upgrades.

In August 2015 the latest phase of Newcastle Airports growth will be completed with the opening of the \$14.6m terminal redevelopment project, part funded by the NSW Government via the Hunter Infrastructure and Investment Fund. This redevelopment will enable the airport to grow its capacity from 2 million to 4 million passengers per year.

CONCLUSION

The Hunter Business Chamber is pleased to provide this submission to the Infrastructure Australia *Australian Infrastructure Audit Report* (April 2015).

We will continue to advocate strongly for a more thorough analysis of the importance of regions such as the Hunter and the crucial network of cities in Australia, particularly the significance of secondary cities and centres.

The opportunities presented by this region are exciting and not inconsequential. The Hunter should be viewed as an area that can more strongly affiliate with the larger cities to boost Australia's overall level of productivity and competitiveness in a global market.

The fact that the region provides a very high standard of living, including health facilities, education opportunities and more affordable housing options is of real attraction and complements world class infrastructure already in place. Our region and our infrastructure has the capacity and willingness to do more. The Hunter region is a valuable asset for the nation.

The Chamber will continue to engage in this process as the draft plan is released towards the end of year.

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