

AGENDA

Upper Hunter Mining Dialogue
Joint Economic and Social Development Working Group Meeting

**UHMD Resource Centre, Upstairs of the Town Square Shopping
Centre Suite 1, 159 John Street, Singleton NSW 2330**

Thursday 18 October 2018, 10:00 am to 12:00 pm

Teleconference details:

Dial: 02 8319 9443

Organiser Code: 777-011-41 / Participant Code: 766-253-40

No.	Item	Attachment
1.	Welcome and apologies	
2.	Presentation: Briefing on the Dialogue and recent realignment of priorities	
3.	Working Group Terms of Reference and Membership	Yes
4.	Discussion: 2018 Annual Forum Planning	Yes
5.	Update from other Dialogue Working Groups/Committees	
6.	Other Business	Yes
7.	Next Meeting & Close	

**UHMD Joint Economic and Social Development Working Group
18 October 2018**

Agenda Item 2

PRESENTATION: BRIEFING ON THE DIALOGUE AND RECENT REALIGNMENT OF PRIORITIES

Issue

The realignment of the Dialogue's Working Groups is progressing in an effort to better reflect the current priorities of the Dialogue and ensure the initiative remains relevant to the Upper Hunter community.

Background

The Dialogue was established in 2011 to address the cumulative impacts arising from mining across the Upper Hunter region. A series of workshops with interested community members identified several key themes for the Dialogue to progress various projects under in the subsequent years. While a considerable amount has been achieved since the Dialogue was first established, our key stakeholders have recently signalled the need for the Dialogue to reconsider its purpose and seek to determine the current priorities that reflect the key issues raised by members.

At the May 2018 JASC meeting, members recommended supporting a proposed realignment of the Dialogue's Working Groups to better reflect the changing priorities of the Dialogue, including:

- Consolidating the remaining Joint Working Groups into a single 'Environment' focused group, covering all key Air Quality, Water and Land Management projects, reflecting the existing Industry Environment Working Group;
- Establishing a new Communications Working Group, consisting of site or company comms specialists to help facilitate Dialogue messaging; and
- Establishing new Economics and Social Development Working Groups to focus on short-term matters of importance to the small to medium enterprise community, such as procurement opportunities and strengthening the economy here and now.

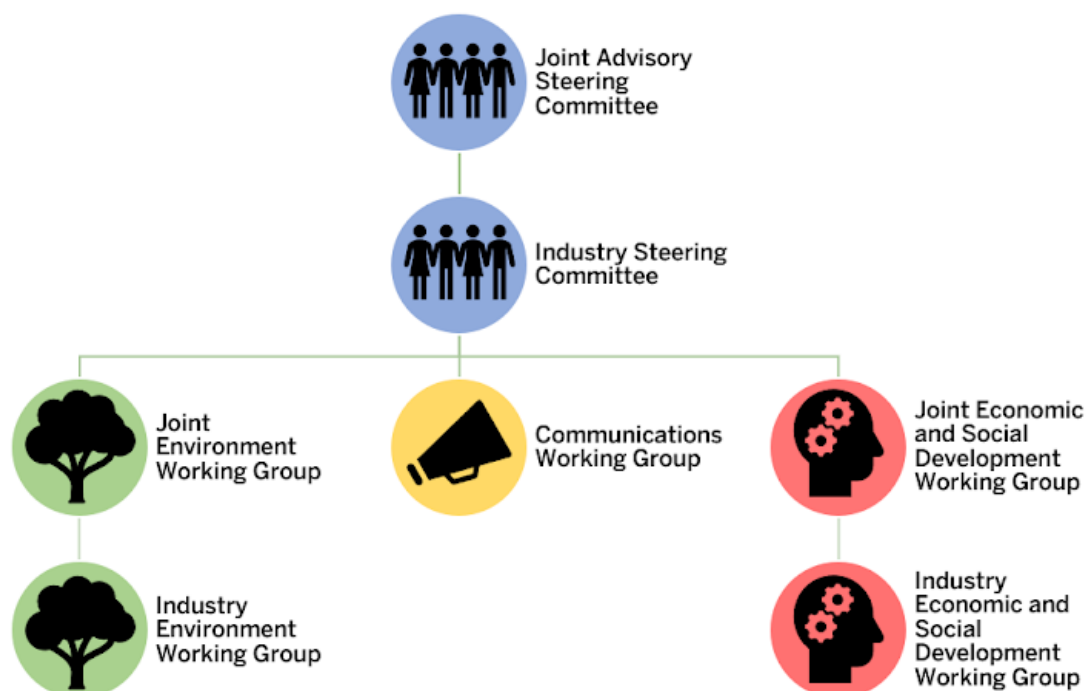


Figure: Revised Dialogue Committee and Working Group Structure 2018

The Joint Environment Working Group and Communications Working Group have recently met for the first time under the new organisational structure, with a positive reception to the realignment from most

stakeholders to date that the Dialogue is evolving and responding to meet the needs and priorities our members have raised. New or varied Terms of References for each of the working groups have been prepared and approved through recent meetings.

Recommendation:

- **That Working Group members note the recent work of the Dialogue to realign the working groups to reflect changing priorities of our stakeholders.**

FOR INFORMATION/DISCUSSION

**UHMD Joint Economic and Social Development Working Group
18 October 2018**

Agenda Item 3

WORKING GROUP TERMS OF REFERENCE AND MEMBERSHIP

Issue

It is important that the newly created Dialogue working groups review the draft terms of reference prepared to ensure this appropriately reflects the Dialogue's purpose and key objectives in relation to the Economic and Social Development theme and ensure the right representatives are engaged to deliver the best outcomes for the Dialogue.

Background

Given the recent creation of the Joint Economic and Social Development Working Group, this meeting provides an opportunity for members to consider the key purpose and objectives of the Working Group via a draft Terms of Reference, which have been prepared and **attached** for review. The group's purpose and key objectives have been left deliberately broad at this stage and the Dialogue is keen to see what additional suggestions council, business, industry and community representatives may have regarding this theme, which may require amending the Terms of Reference in the future, once established.

The purpose of the Working Group will be to:

- Consider matters of importance to the small to medium enterprise community, such as procurement opportunities and strengthening the economy of the region now; and
- Consider the impact of mining activity on a various social issues and how the Dialogue can work collaboratively with business, interest groups, councils and industry to build resilience and capabilities in the Upper Hunter community in the short-term.

While it is anticipated that the Joint Economic and Social Development Working Group will consider the short-term economic matters, the Dialogue's Joint Advisory Steering Committee will continue to consider more strategic 'long term' matters of importance to the wider community, industry and local and state government such as economic diversification, beneficial reuse of voids and strategic land use planning.

The composition of the Joint Economic and Social Development Working Group is as follows:

- **Business representatives** - Members from the Singleton, Muswellbrook, Scone, Branxton, Denman and Cessnock Chambers of Commerce will provide advice on behalf of the collective business communities operating across the Hunter.
- **Industry representatives** - Industry will be represented by procurement or other relevant personnel from each of the member companies. Industry representatives will be rotated through the companies that are members of the Dialogue.
- **Local government representatives** - A representative from both Singleton Council and Muswellbrook Council, and any other relevant councils if interested.
- **Community representatives** - There is potential for community representatives to be involved provided they have an interest in improving economic and social development opportunities in the Upper Hunter.
- **A representative of NSWMC** - To provide the Secretariat duties.

The Joint Economic Working Group will also be supported by an industry-only group, which will typically meet a fortnight prior and discuss the same key issues.

Recommendation:

- **That working group members review the Terms of Reference to ensure these reflect the objectives of the Working Group. Feedback is encouraged where relevant to refine the scope of the document.**

FOR DISCUSSION

Attachment: Joint Economic and Social Development Working Group Terms of Reference

Upper Hunter Mining Dialogue Joint Economic and Social Development Working Group DRAFT Terms of Reference October 2018

Background

The Upper Hunter Mining Dialogue (the Dialogue) commenced in 2010 as a collaborative effort between industry and the community that addresses the cumulative impacts of mining by understanding the local community's concerns, and working together to prioritise, develop and implement solutions.

As an apolitical body, the Dialogue provides information and support to the Upper Hunter community and plays a key facilitator role in bringing stakeholders together and supporting the building of relationships between stakeholders that serve to strength the fabric of the Upper Hunter community.

The Dialogue brings together nine coal producers in the Upper Hunter with stakeholders from state and local government, community and environmental groups, media, education, business and agri-business organisations.

Since the Dialogue's establishment, considerable progress has been made in developing stronger relationships and trust between the industry, community and other stakeholders. In consultation with both the Industry and Joint Advisory Steering Committees, the Dialogue seeks to strengthen the engagement with the community and build on the meaningful progress achieved so far.

It remains a strategic priority to have strong community representation and involvement on the Dialogue's Joint Working Groups that oversee the Dialogue's key projects. The Dialogue hopes that by working together towards a shared objective and outcome, that all parties involved will recognise the benefits and improvements for the region arising from this work.

Purpose of the Joint Economic and Social Development Working Group (JESDWG)

The Joint Working Group for Economic and Social Development is a working group consisting of key Upper Hunter stakeholders. The purpose of the Joint Working Group is to:

- Consider matters of importance to the small to medium enterprise community, such as procurement opportunities and strengthening the economy of the region now.
- Consider the impact of mining activity on a variety of social issues and how the Dialogue can work collaboratively with business, interest groups, councils and industry to build resilience and capabilities in the Upper Hunter community in the short-term.

Composition of the Joint Working Group for Environment

The Working Group should consist of:

- **Business representatives** - Members from the Singleton, Muswellbrook, Scone, Branxton, Denman and Cessnock Chambers of Commerce will provide advice on behalf of the collective business communities operating across the Hunter.
- **Industry representatives** - Industry will be represented by procurement or other relevant personnel from each of the member companies. Industry representatives will be rotated through the companies that are members of the Dialogue.
- **Local government representatives** - A representative from both Singleton Council and Muswellbrook Council, and any other relevant councils if interested.
- **Community representatives** - There is potential for community representatives to be involved provided they have an interest in improving economic and social development opportunities in the Upper Hunter.
- **A representative of NSWMC** - To provide the Secretariat duties.

In the event that a member of the JESDWG cannot attend a meeting, an alternate will be permitted provided advance notice is given.

Appointments

Appointments to the JESDWG will be made by the NSWMC CEO acting on the advice of the Chair of the JESDWG.

The NSWMC CEO may also revoke an appointment to the JESDWG.

Appointment Criteria

Members of the JESDWG are to abide by general rules of behaviour. The Dialogue committees and working groups involve a variety of stakeholders coming together to discuss issues in an open and respectful environment. This approach is to be observed by all members of the JESDWG.

Members are to disclose any conflicts of interest. In the event that a member is found to have breached the appointment criteria in a material way, the member's appointment may be revoked by the NSWMC CEO acting on the advice of the Chair of the JESDWG. In the case of more minor matters, the Chair of the JESDWG may issue a warning to the member to comply with the general rules of behaviour or risk being removed from the group.

In addition, the following appointment criteria will apply:

- A demonstrated interest in the Dialogue and its continual improvement.
- A willingness to promote the Dialogue and increase awareness of its work
- A general awareness of contemporary issues and a willingness to provide a balanced view and progressive and collaborative attitude and approach to developing solutions
- The ability to contribute to the strategic framework of the Dialogue

Positions on the JESDWG are voluntary.

Appointment length

Appointments to the JESDWG will be for as long as is necessary. Appointments will be staggered to avoid appointments expiring at the same time. Initial appointments may be for a shorter or longer period to enable the staggered arrangement to take effect over time.

Committee Chair

The Chair of the JESDWG shall be an industry representative appointed by the NSWMC CEO. If the Chair is unavailable, another industry representative shall act as Chair. The Secretariat may step in and act as Chair and lead discussions if no industry Chair is identified or there is a last-minute change required.

Quorum

A quorum exists if over half the members and a representative of the Secretariat are present.

Meeting frequency

The JESDWG will meet three times per year and at such other times as the Chair may determine is necessary. Meetings will generally take three hours.

Meeting location

The JESDWG will meet at the Dialogue Resource Centre in John St, Singleton, or at any other venue as directed by the Secretariat.

Secretariat support for the Working Group

Secretariat support to the JESDWG shall be provided by the NSWMC.

Attachment: Joint Economic and Social Development Working Group Membership

Scott Fittler	Yancoal	scott.fittler@yancoal.com.au
Kirsty Spiteri	The Bloomfield Group	kspiteri@bloomcoll.com.au
Craig White	Bengalla Mining Company	craig.white@bengalla.com.au
Deirdra Tindale	BHP	deirdra.s.tindale@bhpbilliton.com
Josh Harris	Glencore	Joshua.Harris@glencore.com.au
Ngaire Baker	Mount Pleasant Operation	ngaire.baker@machenergyaustralia.com.au
Tony Chadwick	Singleton Shire Council	tchadwick@singleton.nsw.gov.au
Mike Kelly	Muswellbrook Bus. Chamber	m.kelly@wearparts.com.au
Sue Gilroy	Singleton Business Chamber	president@singletonchamber.org.au
Brett Wild	Branxton Greta Chamber	president@branxtongreta.com.au
Gerry Bobsien	Muswellbrook Shire Council	gerry.bobsien@muswellbrook.nsw.gov.au
Bob Mackie	theresource	bob@theresource.net.au
James Barben	NSW Minerals Council	jbarben@nswmining.com.au
Craig Milton	NSW Minerals Council	cmilton@nswmining.com.au

Seeking representation:

Peabody Energy, Cessnock Business Chamber, Denman Business Chamber, Scone Chamber of Commerce

**UHMD Joint Economic and Social Development Working Group
18 October 2018**

Agenda Item 4

DISCUSSION: 2018 ANNUAL FORUM PLANNING

Issue

The 2018 Upper Hunter Mining Dialogue Annual Forum is to be held on Tuesday 20 November 2018. The Dialogue is seeking to improve engagement with members and provide an annual event that generates meaningful discussions and ideas.

Background

The Upper Hunter Mining Dialogue is currently planning for the 2018 Forum, an important yearly gathering of key Upper Hunter stakeholders, where participants can come to learn more about key Dialogue projects and help guide the future priorities of the Dialogue as we move into 2019.

Feedback from prior Forums has been generally positive, however a range of feedback has been considered and factored into the planning for 2018. Key criticisms regarding past forums have focused on the perception that the same issues are discussed each year by the same people, and that a change would be welcomed to the existing format. The Dialogue is always keen to find the balance between presentations, questions and answers, discussion sessions and networking.

The 2018 Forum is seeking to refresh the approach to the Forum via a networking and information sessions, where participants will be able to engage freely with a range of industry, business, academic and other community representatives to learn more about key projects the Dialogue is involved with.

One of the key changes will be the inclusion of industry procurement personnel to help SME representatives gain a better understanding of how to access local procurement opportunities. This process will also allow SMEs to identify the barriers they are facing with respect to these opportunities and how the industry might help facilitate programs in this space. The Dialogue will be seeking to target local SME businesses to attend and will be working with the councils and business chambers to promote this across their networks.

The various information stalls will cover the following themes/projects:

- Mining Industry Procurement and Purchasing information for local businesses;
- School Mine Tours Program and Virtual Reality technology;
- Water Quality and Stewardship projects;
- Air Quality Emissions and Health projects;
- Land Management and Rehabilitation projects; and
- Synoptic Plan update and post-mining land use opportunities

Participants will also hear from the Dialogue Chair and Secretariat on the 2018 Year in review, which will also provide an opportunity to set the scene for the day. An Agenda for the day has been included for reference.

The Dialogue is keen to hear from Working Group members on the resources they can provide to support the networking and information session to equip Forum participants with the right information they need to improve their procurement opportunities. For example, BHP's local buying program partner C-RES initiative has information on how businesses can access procurement opportunities. If any other sites have information similar to this, please share with the group.

The Dialogue is also keen to understand how we can work with local Councils through their business/economic development initiatives, as well as local Chambers through their networks to raise awareness of these issues and improve engagement between business and the mining sector.

Recommendation

- **That working group members note the Forum agenda and provide feedback and/or suggestions where necessary to help guide the Dialogue's plan and prepare for the Forum.**
- **That working group members identify potential resources they can bring to the Forum that may benefit attendees and highlight/promote procurement/purchasing or other economic development work being undertaken.**

FOR INFORMATION / DISCUSSION

Attachment: 2018 Forum Agenda



UPPER HUNTER MINING DIALOGUE ANNUAL FORUM 2018 PROGRAM

Tuesday 20 November 2018
Muswellbrook Race Club
Racecourse Road, Muswellbrook, NSW

The Forum will be part of a live broadcast of Hunter Valley Today on 2NM hosted by Jessica Rouse and featuring interviews with speakers and attendees.

Tuesday 20 November 2018

8:30am FORUM OPEN

8:30am Arrival and networking. Coffee, tea, muffins available

8:55am Welcome to country

9:00am Welcome from facilitator Di Sneddon, Facilitator

9:05am Dialogue 2018 Year in Review: Realignment and Reinvigoration James Barben, Director Policy, NSW Minerals Council & David O'Brien Chair, Upper Hunter Mining Dialogue

9:35am Networking and Information Session between forum participants and invited guests

This session will enable forum participants to learn more about key Dialogue projects and engage directly with representatives on topics of interest.

Such information will include:

- Mining Industry Procurement and Purchasing information for SMEs;
- School Mine Tours Program and Virtual Reality technology;
- Water Quality and Stewardship projects;
- Air Quality Emissions and Health projects;
- Land Management and Rehabilitation projects; and
- Synoptic Plan update and post-mining land use opportunities.

11:05am MORNING TEA BREAK

11:30am Table discussion on key projects

Participants will discuss the morning session in smaller groups and have the opportunity to identify key issues and ideas for potential projects to address them.

12:00pm Feedback and discussion session

Tables will provide feedback from the discussions and enable participants to discuss ideas and projects to determine future priority issues for the Dialogue.

1:10pm Summary of forum outcomes and closing remarks

Di Sneddon, Facilitator & David O'Brien, Chair, Upper Hunter Mining Dialogue

1:30pm NETWORKING LUNCH

2:30pm FORUM CLOSE

Please register your interest in attending by 13 November by contacting info@nswmining.com.au or visit www.miningdialogue.com.au for further information.

2018 UHMD Annual Forum - Personnel and Resources Required for Stalls

STALL 1 - Industry Procurement and Purchasing

Area: Undercover Pavillion

Dialogue - resources needed:

Tables needed: 6 (3 for industry, 1 for Councils, 2 for Business Chambers)

Pinboards needed: 6

Other resources Required:

Industry information about procurement and purchasing

Council information about local economic development programs

Business Chamber pamphlets/information

Personnel:

Name	Company	Position	Attending	Resources
Josh Harris	Glencore	Procurement Manager	Yes	
Scott Fittler	Yancoal	Community Relations	Invited	
Kirsty Spiteri Nathan Anderson Cathy Boland	Bloomfield	Procurement Manager Purchasing Supervisor Business Partner – Procurement (CPA)	Yes	
TBC	Mount Pleasant Operation	Procurement Manager	Yes	
Deirdra Tindale Kristy Marks	BHP	Lead Corporate Affairs, NSW Specialist Supply (and Local Buying)	Yes	
Tracey Cuttriss-Smith Lisa Harpley	C-RES (BHP)	CEO Business Engagement Advisor	Yes	
TBC	Bengalla Mining Co.	Procurement Manager	Yes	
Sue Gilroy	Singleton Business Chamber	President	Invited	

Mike Kelly	Muswellbrook Business Chamber	President	Yes	
Brett Wild	Branxton Greta Chamber of Commerce	President	Invited	
Tony Chadwick	Singleton City Council	Senior Socio-Economic Planner	Yes	
Gerry Bobsien	Muswellbrook Shire Council	Executive Manager Economic Development and Innovation	Invited	

**UHMD Joint Economic and Social Development Working Group
18 October 2018**

Agenda Item 5

UPDATE FROM OTHER DIALOGUE COMMITTEES & WORKING GROUPS

Issue

Members have raised recently that they would like to gather a better sense of what is being discussed by the other Working Groups involved in the Dialogue. We intend to commence better sharing of information between the various groups involved. Please see below for further information.

Summaries of other Dialogue Working Groups

Joint Advisory Steering Committee

The Joint Advisory Steering Committee and Industry Steering Committee met in August to undertake the key initial planning sessions for the 2018 Forum. Members reviewed previous Forum feedback and agreed to refresh the approach for 2018. The JASC and ISC are the key oversight committees of the Dialogue and set the strategic direction for much of the Dialogue projects, which the Working Groups manage. One such project is the Synoptic Plan, with members discussing how to encourage the continued development of this plan from the NSW government.

Communications Working Group

The Dialogue's Communications Working Group recently met for the first time to discuss the Dialogue's approach to communications and consider how to improve engagement with the wider Upper Hunter community through better messaging and innovative stakeholder engagement. Members discussed the upcoming Forum in detail providing several suggestions to improve attendance from the target business community and more generally across the various sectors.

Joint Environment Working Group

The Joint Environment Working Group recently met for the first time as a consolidated working group. Previously two working groups supported the Environment themes, through Water and Land Management, and Emissions and Health. The meeting secured good attendance from members and a robust discussion on the current community feedback and perceptions of air quality was had. Members also heard a proposal on mine rehabilitation and reviewed a number of annual projects such as the Water Accounting Framework and Rehabilitation Principles and Commitments, whose results had been recently published.

FOR INFORMATION

**UHMD Joint Economic and Social Development Working Group
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Agenda Item 6

OTHER BUSINESS

The Dialogue will seek to share recent economic-focused publications of relevance to the Upper Hunter for reference and possible discussion, if time permits.

Please find **attached** the recent **Hunter Research Foundation - Upper Hunter Economic Forecast (June 2018)**, released 19 September.

Link: <http://www.hrf.com.au/uploads/publications/UH-Economic-Indicators-June-2018.pdf>

FOR INFORMATION / DISCUSSION

UPPER HUNTER REGION ECONOMIC INDICATORS



HUNTER RESEARCH FOUNDATION CENTRE

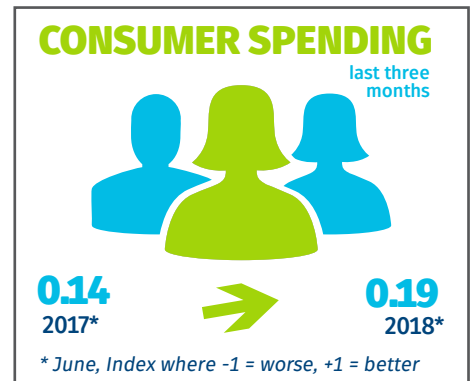
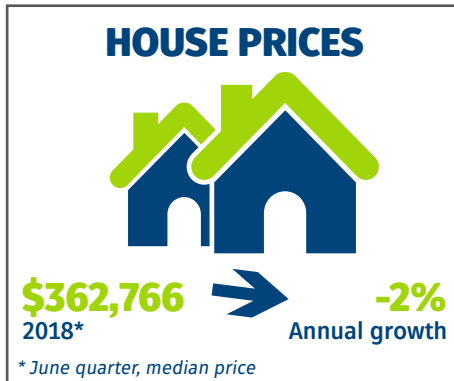
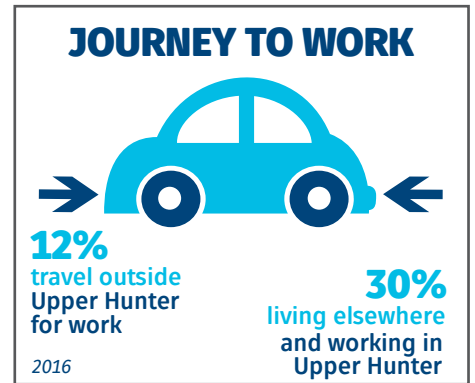
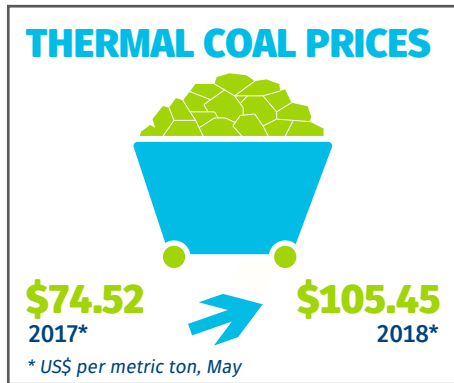
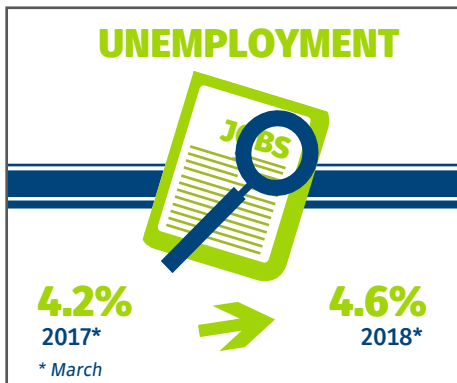
JAN-JUN 2018

NATIONAL ECONOMY - MIXED SIGNALS

- **Real GDP** better than expected in the June quarter, growing by 3.4 per cent over the year - 12 months to June.
- **Labour market** performance robust – jobs continue to be added to the Australian economy but the rapid pace of full-time employment growth observed in 2017 has slowed in 2018.
- **Housing market** - dwelling prices decline nationally over the year; mostly recently led by Melbourne and Sydney.
- **Business conditions** remain positive but have declined in recent months, below the multi-decade highs observed earlier in the year.
- **Internationally**, global economic growth at its highest rate since 2011, although growth is becoming less synchronised amongst advanced and emerging economies.

UPPER HUNTER ECONOMY - SOFTENING BUT RECOVERY HOLDS

- **Employment** - jobs added. Above 2013 boom time peak. Rate of growth has softened from late 2017. Unemployment rate steady below the state and region.
- **Median house prices** across the Upper Hunter overall stayed relatively steady. Rebound in Singleton. Growth in Upper Hunter. Muswellbrook shows decline.
- **Business performance and confidence** softens but remains above long-term averages. Firms report constraints in finding suitable labour.
- **Household spending** - key indicators stay relatively steady and above the lows of 2014-15. Well below pre-GFC readings.
- **Business and households confidence** in the region, overall, moderates from late 2017 but remain optimistic and well above 2013-15 lows.



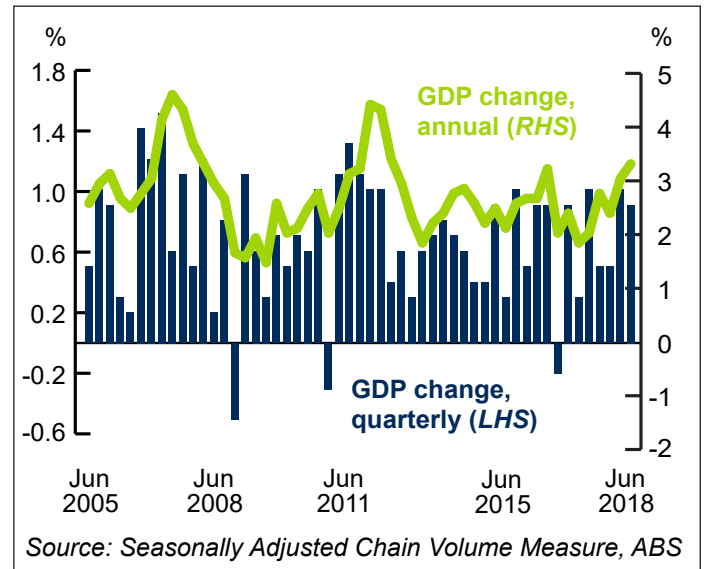
Hunter: Newcastle, Lake Macquarie, Port Stephens, Maitland, Cessnock, Singleton, Muswellbrook, Upper Hunter and Dungog LGAs
Hunter Balance includes **Upper Hunter Region** (Singleton, Muswellbrook, Upper Hunter) plus Cessnock, Maitland, Port Stephens and Dungog LGAs



NATIONAL ECONOMY REASONS FOR OPTIMISM

Annual Gross Domestic Product (GDP) growth for June quarter of 3.4 per cent was the fastest since September 2012 (during the height of the post-GFC mining boom). Consumer spending fuelled the GDP result, growing by 0.7 per cent. Expenditure on both discretionary and non-discretionary items increased. However wage growth per employee flat-lined (0.1 per cent over the quarter), and household spending declined sharply. The household savings ratio was at its lowest level since December 2007. Public investment remained at elevated levels reflecting continued government spending on infrastructure. Prices in the established housing market weakened over the past year. Values fell at their fastest annual rate since 2012. Analysts are predicting growth to slow in the second half of 2018 off the back of more subdued consumer spending, mixed confidence and softening of the housing market. Global economic growth is at its highest rate since 2011, although growth is becoming less synchronised amongst advanced and emerging economies.

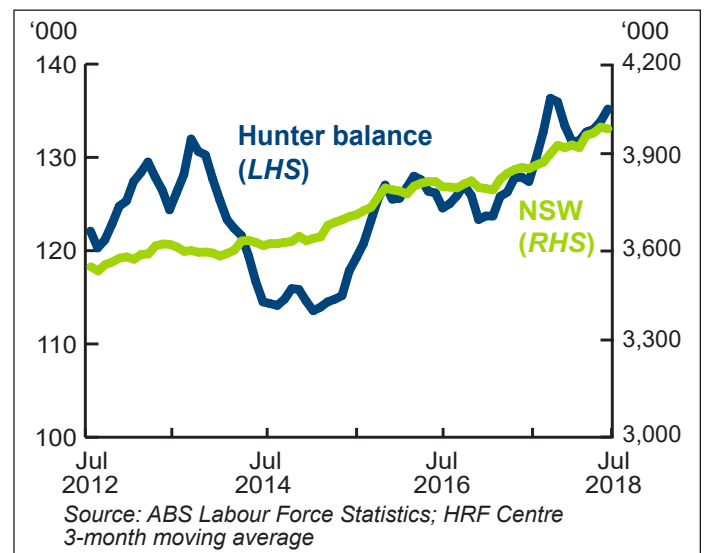
AUSTRALIAN GROSS DOMESTIC PRODUCT (GDP)



EMPLOYMENT FULL-TIME JOBS GROWTH

In the six months to July, the ABS Labour Force survey indicates that employment numbers increased by 1,900 (3-month moving average) in the Hunter Balance*. Since January 2018, employment in the Hunter Balance has risen by 1.4 per cent compared to 1.6 per cent in NSW, while employment has risen more sharply in the Hunter overall (3.6%). Total employment in the Hunter Balance remains above the peak of September 2013. However, the pace of jobs growth has slowed from late last year, when jobs grew by 4.6 per cent in the six months to January. Continuing the trend observed in the second half of 2017, full-time employment grew strongly in the first half of 2018 (3-month moving average), while part-time employment contracted. Local hiring intentions remain positive. The recent sustained improvement in the thermal coal price bodes well for further improvements in employment within the region.

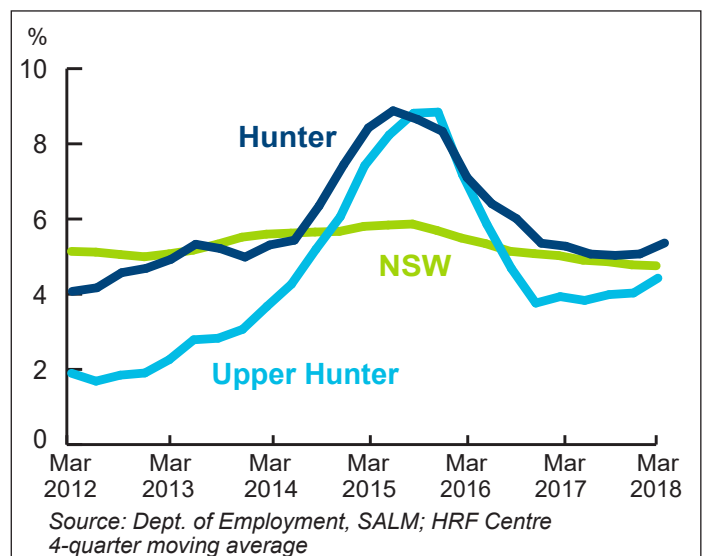
EMPLOYMENT



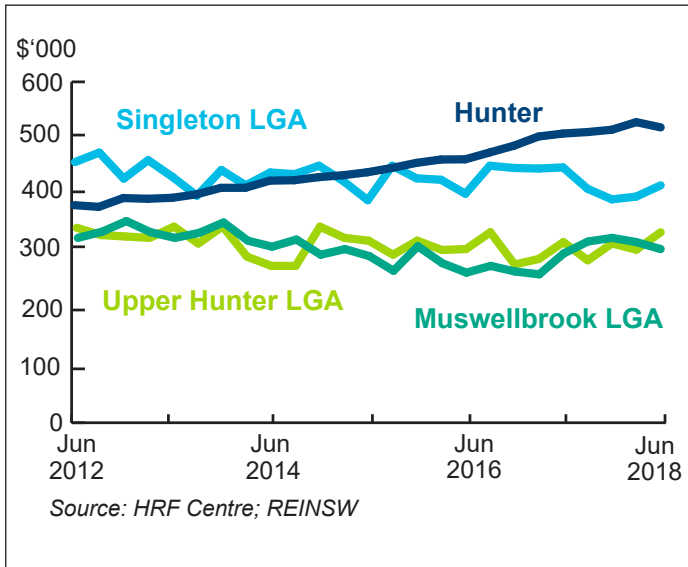
UNEMPLOYMENT BELOW THE HUNTER AND NSW

In March 2018 the Upper Hunter unemployment rate has increased slightly (4.6%), but remains below the rate for the Hunter (5.4%) and just below NSW (4.8%). Muswellbrook's unemployment rate stayed steady at a lower rate of 6.6 per cent, well below its peak of 12.8 per cent recorded in December 2015. Unemployment rates are 4.0 per cent in Singleton and 3.3 per cent in the Upper Hunter Shire. These results are consistent with renewed employment growth driven in part by higher commodity prices and associated renewed mining activity since August 2016. The Hunter Balance's labour force participation rate, formerly below the state and Hunter region has been trending upward since mid last year. It remains above both NSW and Australia at 66 per cent (3-month moving average). Nationally, employment growth continues, although the pace of growth has slowed since 2017. The national unemployment rate sits at 5.2 per cent.

REGIONAL UNEMPLOYMENT RATES

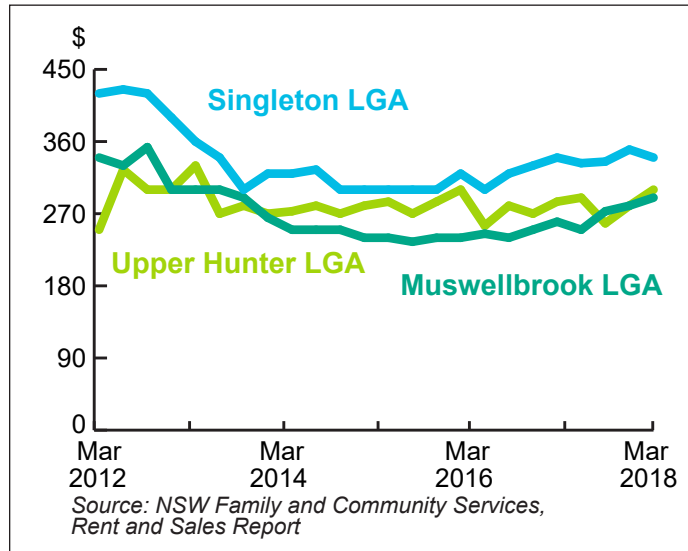


MEDIAN HOUSE PRICES



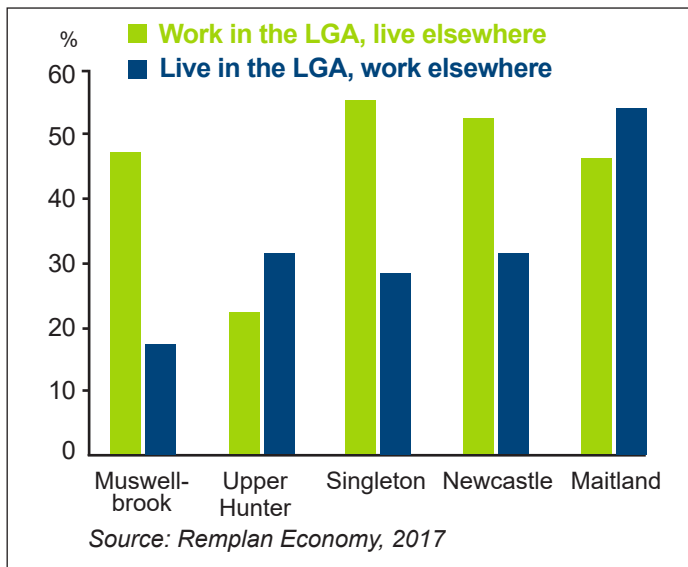
In the six months to June, median house prices across the Upper Hunter overall stayed more or less steady, increasing by less than one per cent. Results, however, were mixed across Upper Hunter Local Government Areas (LGAs) with gains in Singleton and the Upper Hunter Shire, and a fall in Muswellbrook LGA. The Singleton and Upper Hunter Shire LGAs both experienced a 6 per cent increase in median house prices in the first half of the year. For Singleton this uptick is particularly positive given that median housing prices in December 2017 were at their lowest levels since 2011, having fallen from late 2016. In Muswellbrook, prices fell by 7 per cent over the same period. They are now at similar levels to 12 months ago (\$292,000 in June 2017, compared to \$300,000 in June 2018). Nationally, prices in the established housing market weakened over the past year. Across the Hunter, the median price declined in the June quarter, and growth has slowed to 2 per cent over the year.

RENTAL PRICES



In the first quarter of 2018, the median weekly rent for three-bedroom separate houses in Muswellbrook increased by 4 per cent to \$290. In that same interval, the median weekly rent for three-bedroom separate houses in the Upper Hunter increased by 7 per cent to \$300. This figure surpassed Muswellbrook, which historically has higher rents than the Upper Hunter. Singleton maintains its position with the highest median weekly rent at \$340, despite registering a decrease in rent (-3%). In the last two years, the three Upper Hunter LGA's have registered a small but sustained increase in the weekly rent for three-bedroom houses in synch with the upward cycle of the mining industry from 2016. However, rents are still far from the maximum levels registered in 2012-2013 at the peak of the boom. The shorter tenure of rentals may be attractive to those entering the region's workforce on short-term or contractual work arrangements.

JOURNEY TO WORK



Patterns of journey to work are available from the 2016 Census. They give us an indication of whether a local government area is a net 'importer' or 'exporter' of workers. The latest data available indicate that Singleton has the highest share of in-commuters (as a percentage share of their jobs defined by place of work). They are followed by Muswellbrook LGA. There were substantially lower rates of in-commuting in the Upper Hunter, which has a relatively small jobs pool. Singleton's share of in-commuters is also higher than Newcastle or Maitland LGAs. Almost one-third of people residing in the Upper Hunter LGA choose to work elsewhere, a higher proportion than either Singleton (28%) or Muswellbrook (17%). This figure potentially indicates its attractiveness as a place to live as opposed to work. By comparison, over half of Maitland's employed residents choose to live in Maitland even though they work elsewhere, a rate higher than the Newcastle LGA (31%).



BUSINESS PERFORMANCE SOFTENING FROM DECEMBER HIGHS

Business performance over the last quarter softened in the six-months to June. This softening follows a December 2017 high, when measures of business performance were back at pre-GFC levels. In June, business performance remains overwhelmingly positive on balance. Thirty-nine per cent of businesses reported that performance had improved in the last quarter, and 41 per cent reported that performance had stayed steady. Long-term and short-term business confidence also softened from the December high, when confidence, like performance, was back at pre-GFC highs. June's measures are well above 2013-14 lows and well above long-term averages. Other forward indicators, such as capital expenditure intentions and expected forward orders, also softened but remain above long-term averages. Long-term hiring intentions stayed steady at 2010 levels. The number of Upper Hunter firms listing labour shortages as their key business constraint has increased sharply from June 2014. Almost one in five Upper Hunter firms list finding suitable labour as a key business constraint.



CONSUMER ACTIVITY POSITIVE AND STEADY

Pulse survey results indicate that past spending of Upper Hunter households on average stayed relatively steady in the six months to June. The index remains positive and above five-year averages. Household expectations of their financial circumstances in the next 12 months also stayed relatively steady, and in line with the five-year average. This figure is a leading indicator of future consumer spending. The household sector has been slower to respond to the improved local outlook than the business sector. This tendency is consistent with the nation and broader Hunter region.

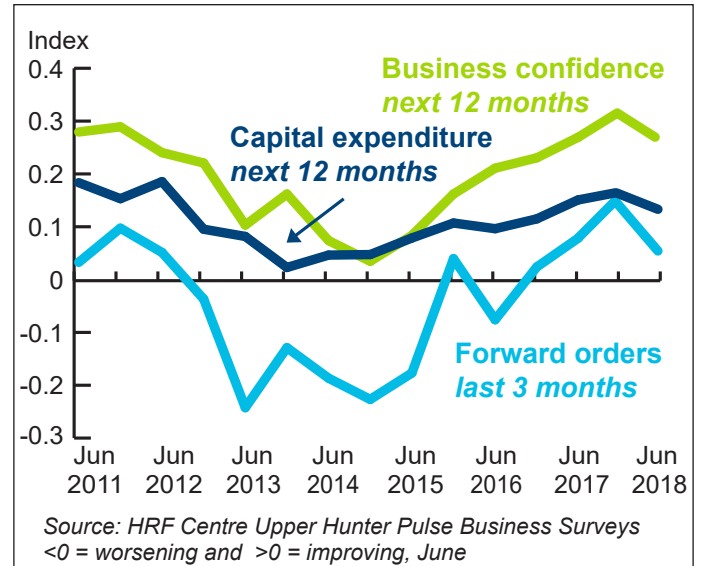
Nationally, and across the Upper Hunter region, households report continuing constraints to their spending relative to pre-GFC values. This response is amidst rising costs of necessities, persistent weakness in wage growth and household income growth, and high levels of household debt. Further improvement in the region's the labour market may assist in lifting consumer confidence. That will, in turn, enhance spending and profitability in the local economy.



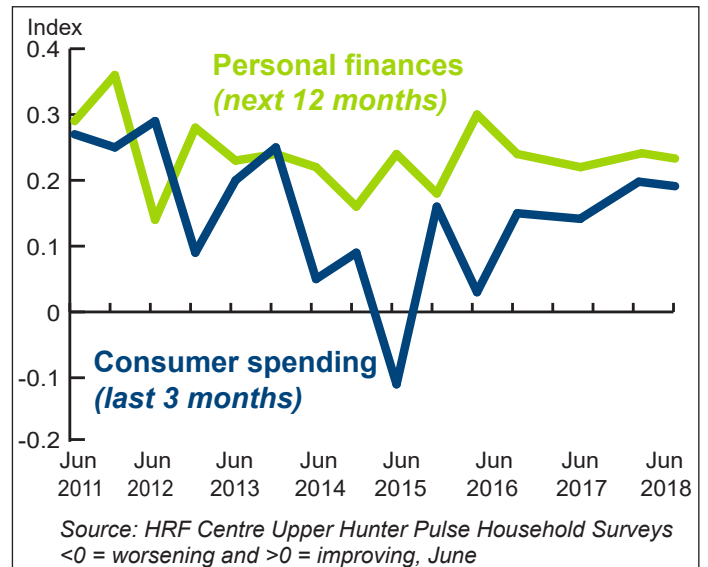
REGIONAL OUTLOOK OPTIMISM MODERATES

Business and household confidence in the local economy declined from December highs, but both sectors remain optimistic on balance, with confidence above long-term averages. Likely drivers of regional buoyancy are the continued rally in global coal prices, labour and housing market improvements, and a strong international economic context. Business confidence and household confidence have broadly trended upward together since December 2014. However, the gap between the two series have widened during the recent recovery period. Households have shown more caution in their confidence in the regional economy than Upper Hunter businesses. Measures of short-term and long-term consumer confidence improved sharply over the year from 2015-16 but subsequently stayed steady and more recently softened. Nationally and locally, with weakness in the household sector as a driver of growth, there is speculation that we may be witnessing the peak in the regional outlook.

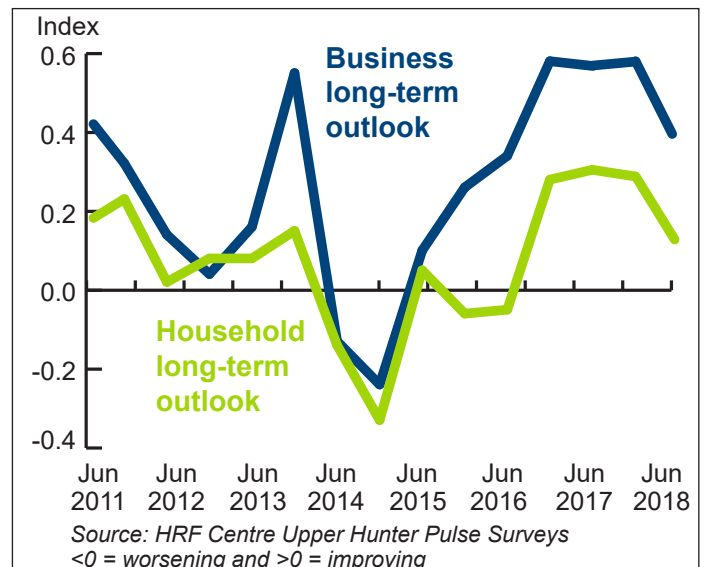
MAIN FACTOR CONSTRAINING OUTPUT



CONSUMER SPENDING AND FINANCES



12-MONTH REGIONAL OUTLOOK



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**UHMD Joint Economic and Social Development Working Group
18 October 2018**

Agenda Item 7

NEXT MEETING / CLOSE

The meeting dates for 2019 are yet to be set and will be determined shortly, with calendar invites sent out.

Given the focus of the 2018 Forum on local procurement and purchasing, it may be worth the Joint Working Group convening shortly after the Forum to provide feedback and advice on how the event went, and what outcomes or considerations may be needed as the Working Group works towards achieving its objectives.

FOR INFORMATION