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26 April 2018

**Committee Secretary
Senate Economics References Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600**

Dear Secretary,

Inquiry into the Indicators of, and Impact of, Regional Inequality in Australia

Muswellbrook Shire Council welcomes the inquiry into regional inequality and provides this letter by way of a brief submission into the challenges faced by resource intensive regions like our own in the Upper Hunter, NSW.

Muswellbrook Shire is an economic powerhouse for NSW and while the main engine drivers for the regional economy are energy generation and mining, there are cumulative impacts and future uncertainty as a direct consequence of this activity. These impacts are reflected in the terms of reference on the Committee's Inquiry in particular infrastructure, education, human capital, workforce skills and employment. While we acknowledge that energy policy is an area of focus for Government, there is a lack of discussion around the human impacts of economic change.

Large scale industrial closure is a significant impact and challenge for our region and will compound social disadvantage in the Upper Hunter. Muswellbrook Shire Council acknowledges that economic resilience is critical to the future of our region and it must be reflected in policy at all levels of government.

These impacts are reflected in a multitude of regional plans and strategies at a local and state level:

- Hunter Regional Plan 2036 (2016)
- Upper Hunter Economic Diversification Action Plan (2017)
- Muswellbrook Shire Council Community Strategic Plan 2017-2021
- Draft Functional Economic region Regional Economic Development Strategy 2018-2022.

While these strategies acknowledge the impact of mining and the challenge of large scale industrial closure, they lack appropriate resource allocation to action the strategies. We understand this is a complex issue and note that it will not be solved without significant input and resources from government and the private sector.

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Muswellbrook is located at the centre of the Upper Hunter – the largest black coal region in Australia by production. The town is closely encircled by open coal mining activity on an unprecedented Australian scale. The close proximity of mining has created particular challenges around urban growth, land-use conflict, noise, blasting, dust, loss of visual amenity, as well as environmental and heritage impacts, in turn creating potential for social inequality within the local community.

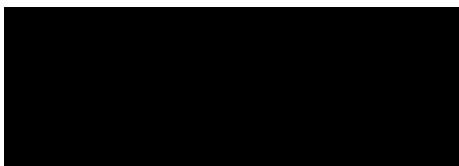
To provide an example, rapid change in land-use has created particular stresses on the provision of infrastructure and services because of the heightened need to 'bring forward' substantial infrastructure to service the growth against the background of a static rural rating base. In addition the growth of mining has impacted and will further impact upon the diversity of the Shire's economy. A dependence on coal mining exposes the local economy to fluctuations in the international price of thermal coal, as has become increasingly evident in recent years.

On 8 March 2016, BHP Billiton's Mt Arthur Coal (Muswellbrook) announced the cutting of 290 jobs, approximately 17% of its total workforce. Over the past two years an additional 300 positions were cut from the same mine. Of those usually resident in Muswellbrook on Census night 2016, the highest proportion of people employed worked in the mining industry (21.9%), highlighting the economy's reliance on the mining sector. This was followed by retail trade (8.76%) and health care and social assistance (8.18%). Agriculture, forestry and fishing industries were fourth, employing 6.94% of the workforce. Muswellbrook's unemployment rate stayed steady at a lower rate of 6.1 per cent, well below its peak of 12.3 per cent recorded a year prior. Unemployment rates are 3.7 per cent in Singleton and 2.9 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 mine activity since August 2016.

Although the economic value of thermal coal remains stable in the medium term, these fluctuations demonstrate it is necessary to undertake steps to diversify the capacity of the Upper Hunter and begin the transition to a post-mining financial future. According to our community survey results, future jobs are the single most important issue for our residents. Muswellbrook Shire Council has established a strategic plan to diversify the Shire's economy and this includes facilitating and funding opportunities to attract new investment in sectors like education, energy technologies and storage, bio-resources, intensive agriculture and environmental goods and services. This strategy is also connected with land use opportunities for industrial buffer lands aligned to existing sectors so the mining and energy industry will continue to play a significant role in the economic transition of the upper Hunter.

We look forward to seeing the progress and outcomes of this inquiry and would welcome the opportunity to provide further information or comment if required.

Yours faithfully,



Ms Fiona Plesman
ACTING GENERAL MANAGER