

Far West Regional Economic Update March Quarter 2014

Major Projects

Coles Shopping Centre contractor Hutchinson Builders are nearing completion of the shopping centre on Gossan Street, Broken Hill. The \$26.5 million construction project commenced in April 2013 and Hutchinson Builders are due to complete the project in time for the Grand opening on April 16th having dedicated 140 employees to the project, of which approximately 40% have been locally sourced.

Hawson's Iron Ore Mine (a Carpentaria and Pure Metals joint venture) is currently at Bankable Feasibility Study stage with first production still slated for 2016. Carpentaria have already invested \$20m to date on the project of which approximately one third has been spent in the far west region. They have recently completed a study using a smaller start up case that matches existing infrastructure resulting in significant savings in capital costs and shorter development timeframes. Anticipated employment requirements during construction and operation will be approximately 1000 and 600 respectively with as many employees as possible being sourced from Broken Hill.

While **AGL's Silverton Wind Farm** project has been placed on hold pending government decisions regarding Renewable Energy Targets they are still undergoing community consultation with the most recent meeting held in Silverton on February 27th 2014.

AGL's Broken Hill Solar Plant has been approved and construction is due to commence in July 2014 and will take approximately 16 months. Construction will generate 150 jobs of which as many employees as possible will be sourced from the Broken Hill region. AGL estimates that tens of millions of dollars will be spent on labour, housing, food and materials. This economic activity will create additional jobs in the region at hotels, restaurants, shopping centres, suppliers and other local businesses

CBH's Broken Hill Operations Rasp Mine went through a downsizing of production in September 2013 due to external factors such as low metal prices, a high dollar and difficult mining conditions. This period will allow for consolidation before increasing production in later 2015. Exploration will continue in 2014. Broken Hill Operations currently employs 142 people, of which 94% are from the far west region.

Perilya Limited is striving to increase output and further cut costs at its Southern Operations Mine to counter increasing costs and limited investment of sustaining capital will be undertaken in areas critical for ongoing business viability. The Potosi mine project provides a second source of ore supply to the Perilya treatment plant, with capital investment continuing during 2014, the mine should reach its planned production rate in the second half of this year. Perilya is investigating the option of further expanding the production rate at Potosi to offset the much older Southern Operations Mine. Perilya currently employ approximately 450 people across both operations.

FAR WEST FAST FACTS:

NSW Trainlink (formerly Countrylink) logged 737 visitors arriving by coach and 626 visitors arriving by train for the 2014 March quarter.

Barrier Local Area Command statistics show drug offences are down on the same quarter last year by 78%. Stealing offences also down 48% for the same period.

The population of the Far West Region is 23,000 with median age range between 35-39 years.

Major Projects continued...



Havilah Resources have projects on several fronts making progress, namely significant copper, gold, cobalt and molybdenum operations to be developed at their Kalkaroo, Mutooroo, Portia and North Portia sites. Most recently, they submitted their Program for Environmental Protection and Rehabilitation in November 2013, allowing government regulators to re-commence assessment and approval of the Portia project. They have also employed an experienced mining engineer as their project manager and are working on contract details with landowners, contractors and financiers.

Cristal Mining recently completed a \$30 million expansion to its mineral processing facility in Broken Hill; construction took around 12 months to complete, employed up to 80 people at its peak and now employs a further 8 full time positions for operation and maintenance of the new facility. Cristal Mining is planning to establish another mine 270km south east of Broken Hill called Atlas-Campaspe and are currently funding an \$8million feasibility study to determine viability and to receive government environmental approval and development consent. The deposit consists of over 6 million tonnes of heavy mineral to be concentrated and processed at the Broken Hill processing plant and has a planned life of up to 20 years.

At a Glance - Far West Major Projects

Project	Phase	Commencement	Employee (Construction)	Anticipated Employee Total (Operational)	Expenditure
Hutchinson's (Coles project)	Construction	April 2013	140		\$26.5 million
Coles Shopping Centre	Operational	April 16 2014		200	N/A
Hawson's Iron Ore	Feasibility	TBA	1000 *	600 *	\$1.7 billion *
Havilah (Portia)	Approval	TBA	TBA	TBA	TBA
AGL Solar Plant	Pre-Construction	July 2014	150 *		\$150m *
CBH's RASP Mine	Operational	July 2012		142	\$50m + p.a
Perilya Limited (Southern Ops)	Operational	2002		400	\$220m p.a
Perilya Limited (Potosi)	Construction	2011	60	50	\$75m
Cristal (Snapper/Gingko)	Operational	Dec 2005		200 + 350 contractors *	\$120 million (total)
Cristal (Atlas-Campaspe)	Feasibility	TBA	200 *	100 – 150 *	\$200 million *

* Approximate amounts

Gross Regional Product

Headline GRP - a measure of size or net worth generated by the local economy is **up 2.9% from 2011**.

Local Industry GRP – generated by workers in the area is **up \$18m on 2011**.

Local Residents GRP – the economic output of the workers in the area is **up \$18m on 2011**.

Value of our Top 5 Industries:

Mining	\$405.7m
Electricity, Gas, Water and Waste Services	\$50m
Accommodation and Food Services	\$40.7m
Manufacturing	\$40.1m
Healthcare and Social Services	\$30.6m

Tourism

The tourism climate in the far west region is certainly something that the region is passionate about. In a recent community survey conducted by Regional Development Australia Far West, 70% of respondents agreed that tourism is a major priority for the region to focus on and that, in general, we are doing it well but could be doing it much better.

The Typical Tourism Worker in Broken Hill is between 25-44 years old (31.2%), works full time (49.0%), has no qualifications (64.6%) and is female (61.4%).

The Value of Tourism in Broken Hill

	2008/09	2009/10	2010/11	2011/12
Employment				
Direct	352	317	353	399
Indirect	132	119	132	150
Total	484	436	485	549
Sales (\$m)				
Direct	33.0	31.7	36.6	43.2
Indirect	23.7	22.7	26.2	31.0
Total	56.6	54.4	62.8	74.2
Value Added (\$m)				
Direct	15.3	15.1	17.2	19.5
Indirect	11.3	11.2	12.7	14.4
Total	26.6	26.3	30.0	33.9

Source: economy.id.com.au/broken-hill/tourism-value

Regional Tourism Statistics (to Dec 2013)

Domestic Overnight Visitors

Visitors to outback NSW	352,000 (up by 24%)
Purpose of visit:	
Holiday or Leisure	47.7%
Business	21.9% (up by 57.1%)
Visiting friends/relatives	20.7% (up by 69.8%)
Where they stayed:	
Caravan Park	28.5%
Hotel/Motor Inn	23.2%
Friends/Relatives home	22.1%
How they got here:	
Private or company vehicle	76.4%
Air transport	7.7%
Rented or hire vehicle	5.1%
What they Spent:	\$193m (up by 19.5%)
	\$157 per night (avg)

International Overnight Visitors

Visitors to outback NSW	9,700
Purpose of visit:	
Holiday or Leisure	66.5%
Visiting friends/relatives	15.2% (up by 24.7%)
Education	13.7%
Where they stayed:	
Rented house/unit	34.9%
Friends/Relatives home	17.3%
Where they came from:	
United Kingdom	24.1%
New Zealand	14.1%

Source: Destination ** please note statistics are for Outback NSW including Bourke, Cobar & Lightning Ridge

FAR WEST FAST FACTS:

*** New car sales are strong in the region with 181 sold in Broken Hill during the 2014 Jan – Mar quarter.

*** Broken Hill's GRP for 2012 was \$901m, accounting for 0.21% of NSW GRP. Our population accounts for 0.33% of NSW.

Far West Business Confidence.

A cross section of local businesses were surveyed by RDA Far West for the purposes of this economic update. The top 5 employers in the far west region are Healthcare and Social Assistance (16.2%), Retail Trade (13.4%), Mining (10.5%), Accommodation and Food Services (9.7%) and Education and Training (8.3%) – participants were selected on this basis. They were asked a series of questions related to their business to provide a snapshot of business confidence in the region.

A snapshot of our local businesses

% Who have been in business for 10 years or more	80%
% Who indicated that they will or may require more staff in the next 12 months	53%
% Who are planning expansion/development/new projects in the coming year	54%
% Employ 5 – 10 People	53%
% Employ 11 - 50 People	33%
% Employ 50+ People	13%

General barriers to growth have included declining population, lack of qualified staff, major industry uncertainty and lack of government funding and online shopping. All participants agreed they have no issues attracting unskilled staff but anticipated finding skilled, qualified staff may pose some problems in the future.

Growth Indicators

Development Approvals (Jan-Mar '14)	Local Jobs	Population	House Sales (Jan-Mar '14)
Residential 33 Commercial 10 Industrial 1 Total Value \$5,978,467 Up \$2,639,467 on the March 2013 quarter.	2012 7565 2011 7584 Change -0.24%	2012 19,103 2011 19,151 Change -0.25%	51 Homes were sold in the Broken Hill area during the Jan – Mar 2014 quarter. The mean house price rose by \$751.58 on the March 2013 quarter.

Feedback – We have changed the format of your Regional Economic Update taking it from an annual edition to quarterly and ensuring the content is as current and relevant as possible. We would love to know what you think. Leave us a note on our website www.rdafarwestnsw.org.au, drop into the office 55 Oxide street, call us on (08) 8087 8383 or email us at suzanne.walson@rdafarwestnsw.org.au.

Regional Economic Update:

This Regional Economic Update was researched and produced by Regional Development Australia Far West supported by the Broken Hill City Council. We thank all businesses and organisations who participated for their time. 2013 data will be released soon and will be included in the June Quarter Edition. For all enquiries regarding the production of this report and information contained therein please contact Suzanne Walson at Regional Development Australia Far West on (08) 8087 8383