

Major Projects

The reactivation of mining projects in Broken Hill during 2011 that were placed in care and maintenance back in 2008 has resulted in strong investment in the Far West Region and is a positive indicator for future growth.

The expansion of Broken Hill Operation's **Rasp Mine** in Broken Hill was approved by the NSW Government in early 2011 with construction commencing shortly afterwards. It is expected to be operational by mid 2012.

Perilya commenced the redevelopment of the **Potosi Mine** in early 2011 with the mine expected to begin operations in 2013. Strong growth in global silver prices has also resulted in the company considering reopening the **North Mine** with a decision expected in late 2011.

Uranium One's **Honeymoon Mine** commenced operations in July 2011 and has an expected mine life of approximately 10 years.

Carpentaria Exploration is currently undertaking feasibility assessments for the **Hawsons Iron Project**, 60km south-west of Broken Hill. The project has the potential to be a multi-billion dollar investment for the region. This project is part of the Braemar Iron Alliance, which has been formed to facilitate iron ore developments in NSW and SA.

Bemax Resources is currently undertaking feasibility studies into the potential development of their **Atlas – Campaspe** mineral sands deposits located south-east of Broken Hill.

The **Broken Hill Plaza Shopping Centre** is due to commence construction in late 2011 with retail operations to begin in mid-late 2012. The shopping centre will greatly increase the retail sector in the region and support approximately 300 jobs.

The table below provides a summary of the major projects planned for the Far West Region that are currently active and where project data was available. The map (opposite) indicates the location of the mining and energy developments.

Only projects where updated data was made available have been included in the economic impact modelling. This has been done to ensure a conservative estimate of economic impacts while ensuring that projections are based on current and reliable data. Mining and renewable energy projects included in previous editions of the study that have been removed due to lack of available data include Epuron's **Silverton Wind Farm** and Havilah's **Kalkaroo, Mutooroo, Oban** and **Benagerie (Portia)** projects.

Projects that were commenced after 2006 and that are fully operational are also included in the modelling based on their expected operational life. These projects include Bemax Resource's **Snapper Mine**, Pinnacle's **Edwards Pit Project**, Exco's **White Dam Mine** and Broken Hill City Council's **Aquatic Centre** and **Film Studio**.

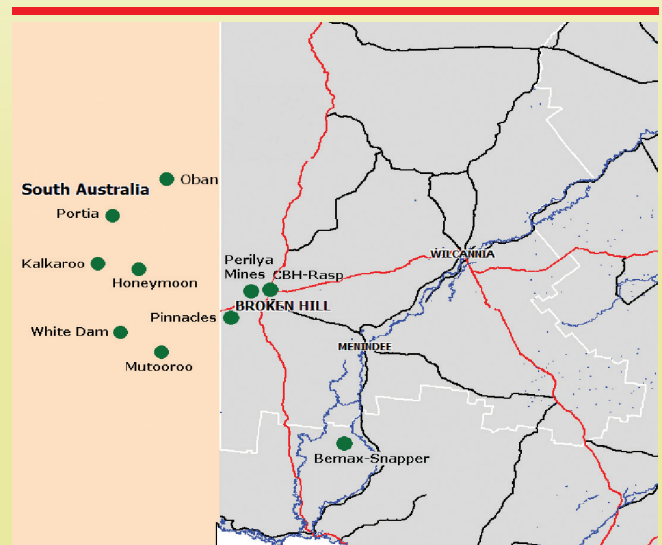


Table 1: Planned Major Projects Included in Economic Impact Modelling

Company	Project	Probability	Construction Phase				Operation Phase				
			Year Start	Total \$m	Region \$m	Jobs	Year Start	Life Years	Total \$m	Region \$m	Jobs
Uranium One	Honeymoon	High	2009	\$138	\$48	120	2011	10	\$32	\$2	85
Leasecorp	Plaza Shopping Centre	High	2011	\$18	\$13	85	2012	40+	\$12	\$4	290
Broken Hill Operations	Rasp	High	2011	\$150	\$45	90	2012	13	\$58	\$35	165
Perilya	Potosi	High	2011	\$43	\$26	90	2013	3	\$60	\$36	90 ^(a)
Bemax Resources	Atlas	Low	2013	\$138	\$28	200	2014	15	\$82	\$21	193
Carpentaria Exploration	Hawsons Iron Ore	Low	2013	\$2,700	\$945	1,000	2016	50	\$600	\$300	700

Growth Indicators

The economic indicators outlined in the table below demonstrate the continued strong performance of the Far West Region's economy. The unemployment rate in the region was recorded at 8.5% in the June Quarter 2011, a 0.3% decline over the last 12 months.

Demand for housing recorded strong growth with a median house price of \$134,000 in the June Quarter 2011. Investment in residential building has been particularly strong with the value of new residential building approvals more than doubling during 2010-11 as a result of confidence returning to the market and the construction of teacher housing units. Non-residential building approvals were a different story, slowing considerably during 2010-11.

The Broken Hill Airport has continued to experience steady growth in passenger numbers due to the increase in services and airline capacity. Over 63,000 passengers passed through the airport in 2010-11, an increase of 4.3% from the previous year.

Table 2: Key Economic Indicators

Indicator	Period	Level	Ann % Chg
Population	2010	22,584	-0.6%
Unemployment Rate	Jun Q 2011	8.5%	-0.3%
New Residential Approvals	2010-11	\$15.2M	128.7%
Commercial Approvals	2010-11	\$11.4M	-57.6%
Median House Price	Mar Q 2011	\$133,500	37.6%
Overnight Visitors ^(a)	2010-11	435,000	-0.9%
Broken Hill Airport RPT	2010-11	63,098	4.3%

Note: All data is valid as of 31st October 2011. RPT – Regular Passenger Transport passengers (a) Outback Tourism Region.

Source: ABS 3218.0, DEEWR SALM, ABS 8731.0, NSW Department of Housing, Tourism NSW, Bureau of Transport and Regional Economics

Tourism Sector

The tourism sector is a key driver of the Far West Region economy. The Far West Region forms part of the Outback NSW Tourism Region that also includes Balranald, Bogan, Bourke, Brewarrina, Cobar, Walgett and Wentworth.

In the year ending June 2011 there were an estimated 435,000 domestic overnight visitors to Outback NSW, down by 0.9% from the previous year. International visitors represent a small proportion of overnight visitation with 14,200 visitors in the year ending June 2011.

Domestic overnight visitors were estimated to have added \$199M to the Outback NSW economy in the year ending June 2011, an increase of 12.3% from the previous year. The significant increase in the amount of water within the Menindee Lakes is expected to result in increased visitation to the region.

Infrastructure Developments

Investment in infrastructure is strong in the Far West Region with several major projects having recently been completed, in progress and in the planning process including:

- The redevelopment of the Broken Hill Regional Aquatic Centre is in the final stages of construction. The project will complete the \$10 million transformation of the old North Family Play Centre Pool to a multi-faceted Aquatic Centre. The construction of an enclosure for the 25 metre pool and a new indoor hydrotherapy pool are centrepieces of the development.
- The Broken Hill Airport runway is scheduled to be resealed in late 2011 to ensure safe future air traffic operation.
- Development planning of a Heavy Vehicle Haulage Road to improve the movement of heavy vehicles in and around Broken Hill.

Water Availability

During the last decade, the Menindee Lakes have been dry as a result of the prolonged drought in the Far West Region. Major rainfall in the catchment area led to a significant inflow of water starting in early 2010 resulting in the lakes reaching full capacity in late 2010. The increased availability of water in the region is likely to have contributed to the significant impact on the economy including agriculture and tourism.

The availability of water improves the profitability of farming with major agricultural producers such as Tandou looking to increase irrigated cropping in the coming years. The Menindee Lakes have continued to receive inflows through winter ensuring water availability for the 2012 and 2013 crops. As a result of water availability, Tandou has been able to increase its productive area with the rotational planting of 2,400 hectares of winter cereal crop. The company currently employs approximately 55 workers.

The availability of water in the Menindee Lakes is expected to result in significant growth in tourism visitation to the Far West Region. The Menindee Lakes are an iconic ecological asset of national significance and have the potential to support a vibrant tourism sector built around bird watching, indigenous tourism, ecotourism and recreation. The water security has the potential to facilitate investment in tourism operations in Menindee and the surrounding region which could create job opportunities.

Economic Impacts

The economic impact modelling assesses projected impacts of major projects on the Far West Region from the base year of 2006 used in the original study. The region recorded economic and employment growth in 2007 and 2008 as construction commenced on several projects, before declining in 2009 as the mining industry contracted significantly as a result of existing mining companies resizing operations in late 2008.

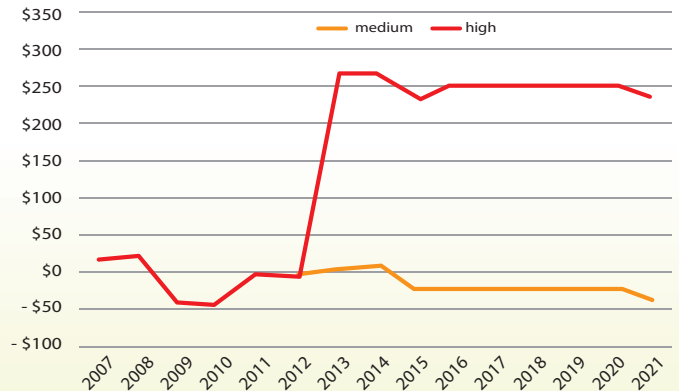
In previous years, the analysis has included a low, medium and high scenario based on the probability of certain projects proceeding. This year, all projects are either in progress (operational or under construction) or in the feasibility stage - meaning there is considerable uncertainty regarding their future development. Therefore, only two scenarios have been included this year comprising a medium scenario with the projects that are operational or under construction and a high scenario with all proposed projects with available expenditure and employment estimates.

The economic impacts in gross regional product (GRP) for the Far West Region of major projects in 2012 are expected to almost negate the negative impacts caused by the mine closures in 2008 (see **Figure 1**).

Employment in the Far West Region is projected to increase by up to 226 Full Time Equivalent (FTE) positions in 2012 based on the medium scenario. The employment breakdown includes 143 direct jobs and 83 flow-on jobs with the total representing growth of 2.3% from 2006 (see **Figure 2**).

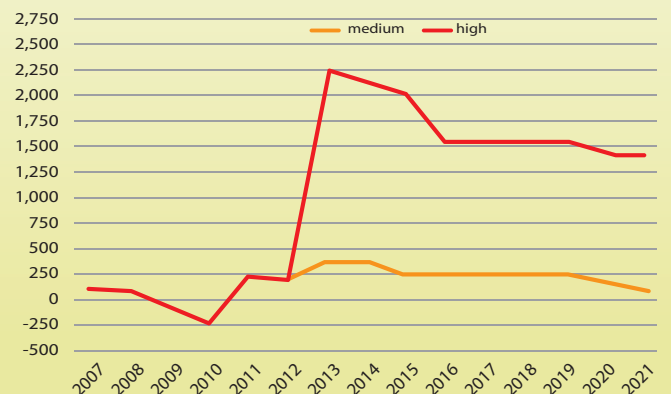
Table 3 below provides an overview of projected changes in employment by industry from the base in 2006. Employment in the mining sector is expected to partially recover in the medium term as new projects commence, though not to the 2006 level, unless downsized operations recommence full operations. In the short term, the construction sector is projected to record growth with the development of new projects, while the highest flow-on employment growth is expected in the retail trade and arts and recreation sectors.

Figure 1: Projected Change in GRP (\$m)



Note: Change from 2006. Scenarios based on the assumed probability of major projects commencing.

Figure 2: Projected Change in Employment (FTE)



Note: Change from 2006. Scenarios based on the assumed probability of major projects commencing.

Table 3: Projected Additional FTE Employment (Medium Scenario)

Sector	Report Base Year	Additional Employment			Avg. Annual %
	2006	2011	2016	2021	2006 to 2021
Agriculture, Forestry & Fishing	730	4	1	-1	-0.01%
Mining	655	-186	-66	-151	-1.73%
Manufacturing	376	17	-4	-9	-0.15%
Electricity, Gas, Water and Waste Services	229	3	-1	-1	-0.03%
Construction	497	273	-3	-4	-0.05%
Wholesale Trade	298	6	-1	-2	-0.05%
Retail Trade	1,678	16	290	285	1.05%
Accommodation and Food Services	652	10	0	-3	-0.03%
Transport, Postal and Warehousing	390	9	0	-2	-0.04%
Information Media and Telecommunications	99	5	1	-1	-0.06%
Financial and Insurance Services	164	9	-1	-3	-0.12%
Rental, Hiring and Real Estate Services	99	6	0	-1	-0.06%
Professional, Scientific and Technical Services	209	31	0	-6	-0.21%
Administrative and Support Services	292	1	0	0	0.00%
Public Administration and Safety	834	1	0	-1	0.00%
Education and Training	787	6	1	-2	-0.01%
Health Care and Social Assistance	1,439	6	0	-2	-0.01%
Arts and Recreation Services	143	23	50	30	1.26%
Other Services	456	8	0	-3	-0.04%
Total	10,027	249	266	124	0.08%

Strategy Update

Strategy/Action	12 Month Progress Report	Planned Actions for Next 12 Months
Promote Knowledge Development & Dissemination <ol style="list-style-type: none"> 1. Identify information requirements for government, business and investors. 2. Identify information/knowledge gaps. 3. Consult and involve stakeholders in data/information collection. 4. Collaborate with partner organisations to collate/prepare required data. 5. Collaborate with partner organisations to disseminate information. 	<p>An efficient e-Newsletter capability developed. All key contacts for region have been identified. Social media platform development to be completed by calendar year end. Key stakeholders fully consulted for input on submissions to Governments.</p>	<p>Regular, efficient communications will continue with all key stakeholders. Submissions and other forms of information feedback to governments will continue. Targeted contacts will continue with market participants as appropriate.</p>
Facilitate Industry and Community Engagement <ol style="list-style-type: none"> 1. Inform, involve and collaborate with key stakeholders. 	<p>Through RDA Far West and Digital Economy and Skills Working Groups.</p>	<p>Key strategies in place and implementation commenced.</p>
Build Community Capacity <ol style="list-style-type: none"> 1. Assess community capacity in terms of skills gaps. 2. Facilitate community workshops and seminars. 	<p>Working Group established. Stakeholders consulted.</p>	<p>Ongoing data collection, analysis. Ongoing partnership with Federal and State agencies, stakeholders.</p>
Support and Assist Existing Business <ol style="list-style-type: none"> 1. Consult with local business owners regarding opportunities and issues. 2. Develop strategies to capitalise on opportunities and mitigate threats. 3. Build linkages and networks between local businesses. 	<p>Ongoing through RDA Far West, Chamber of Commerce and Digital Economy and Skills Working Group.</p>	<p>Targeted actions to be pursued during 2012 and beyond.</p>
Attract and Encourage New Businesses <ol style="list-style-type: none"> 1. Profile current business base and identify target businesses and needs. 2. Identify and set aside specific requirements for target businesses. 3. Market to target sectors. 4. Facilitate relocation activities. 	<p>Ongoing through RDA Far West, BHCC, Digital Economy and Skills Working Group</p> <p>Delegations to potential funding bodies</p>	<p>Update Profile Ready to commence</p> <p>Planned approaches to market participants during 2012 and beyond in targeted areas</p>
Promote Economic Development and Diversification <ol style="list-style-type: none"> 1. Identify specific economic development initiatives. 2. Engage with relevant stakeholders. 3. Review regional economic plan. 	<p>Ongoing through RDA Far West, BHCC, Digital Economy and Skills Working Group</p>	<p>RDA Far West and all regional stakeholders are engaged in Regional Plan activities during 2012 and beyond</p>
Facilitate Infrastructure Provision and Development <ol style="list-style-type: none"> 1. Identify critical infrastructure gaps. 2. Work with partners to develop strategies for infrastructure development. 3. Develop and implement mitigation/development strategies. 	<p>Airport Master Plan</p> <p>Ongoing through RDA Far West, Digital Economy and Skills Working Group</p>	<p>Natural gas feasibility; integrated transport study to be pursued.</p>
Ensure Land Use Efficiency and Resource Protection <ol style="list-style-type: none"> 1. Identify potential land needs. 2. Engage with the NSW Department of Lands regarding tenure. 3. Develop Draft LEP for Broken Hill City. 	<p>Completed</p> <p>Completed</p> <p>In progress</p>	<p>LEP rezoning completed</p> <p>LEP rezoning completed</p> <p>Completion by July 2012</p>
Attract and Retain Skilled Labour <ol style="list-style-type: none"> 1. Increase the availability of labour. 2. Attraction of skilled persons to the region. 3. Consider overseas recruitment options. 4. Improve the effectiveness of the local training system. 5. Increase training investment by the private sector. 6. Increase indigenous participation in the workforce. 7. Support skills strategies from other levels of government. 	<p>Direct discussions with mining, agriculture and other employers in region occur regularly with RDA Far West NSW. Training and education service providers including schools, TAFE and Robinson College are kept informed of emerging industry skills needs. Skilled migration applications to the region are facilitated by RDA Far West NSW. During 2010-11, 14 applications for jobs in the region were processed.</p>	<p>An education, jobs and skills coordinator has been appointed for the region (Dubbo-based) and maintains regular contact with RDA Far West NSW and training and education representatives. A consultancy in the region funded by the NSW Government has recommended future employment facilitation actions that can progress during 2012 and beyond. These include actions to (a) reduce unemployment (b) increase links between training and employment (c) target training to meet industry needs as needed and (d) improve local services in remote towns.</p>
Attract Investment and Financing <ol style="list-style-type: none"> 1. Establish a working group to identify strategic investment opportunities. 2. Develop website for investment promotion and conduct developer tours. 3. Provide the required management support for the project. 	<p>RDA Far West NSW Regional Plan 2011-21 developed.</p> <p>Website improvements ongoing; digital economy strategy being developed for region.</p> <p>Ongoing</p>	<p>Target key areas highlighted in the Plan.</p> <p>Digital economy strategy for Far West NSW and Broken Hill City Council will be completed and implemented during 2012 and beyond.</p> <p>Ongoing</p>

Contacts and Support

For further information please contact:
 Regional Development Australia – Far West NSW
 PO Box 1010, Broken Hill, NSW 2880
 Tel: (08) 8087 8383 Fax: (08) 8087 8413
www.rdafarwestnsw.org.au

