

DEVELOPMENT UPDATE: FAR WEST REGION NSW

Major Projects

Increased activity by mining companies in the Far West Region reflects a recovery from the adverse impacts of the global economic slowdown in 2008 and 2009 and a positive outlook for the future. Current development activity in the resources sector ranges from exploration and drilling to mines beginning operation.

Projects initiated in the last 12 months include Exco's **White Dam** joint venture gold mine with construction completed and operations having begun in early 2010. Construction is almost complete for Uranium One's **Honeymoon Mine** with operations expected to begin in late 2010. Bemax has also completed construction and commissioned their new **Snapper Mine**, located south of Broken Hill.

Companies presently awaiting government approval include Broken Hill Operations which is currently seeking approval from the NSW Government to renew operations at the **Rasp Mine**. Additional planning and preparations are also currently being undertaken for the **Silverton Wind Farm** with decisions on future construction expected soon.

Carpentaria Exploration Limited is undertaking drilling as part of the **Hawsons Iron Project**, 60km south-west of Broken Hill.

Non resource projects committed for the region include the expansion of the **Broken Hill Regional Aquatic Centre** and development of the **Broken Hill Film Studio** which are being undertaken by Broken Hill City Council with State and Commonwealth Government funding support. The **Broken Hill Plaza Shopping Centre** is planned to be constructed by Leasecorp in 2011 and will represent a significant increase for retail activity.

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 projects included in the previous edition of the study that have been removed due to lack of available data include the **Silverton Wind Farm** and Havilah's **Kalkaroo, Mutooroo, Oban** and **Benagerie (Portia)** projects.

The table below provides a summary of the major projects planned for the Far West Region with the map (opposite) indicating the location of the mining developments

Growth Indicators

The economic indicators outlined in the table below demonstrate that the Far West Region's economy is still feeling the effects of the global economic slowdown. The region's population fell by 0.5% to 22,731 in 2009 and unemployment rose considerably to 9.1% in the March Quarter 2010.

Investment in the region was strong with the value of both residential and non-residential building approvals recording growth during 2009. Demand for housing declined significantly in the region with houses selling for an average of \$121,000 in the December Quarter 2009, a decline of almost 20%. Visitation to the region also declined as indicated by tourism visitors and airport movements.

Indicator	Period	Level	Ann % Chg
Population	2009	22,731	-0.5%
Unemployment Rate	Dec Q 2010	9.1%	1.5%
Residential Approvals	2009	\$9.18M	5.3%
Commercial Approvals	2009	\$25.57M	232.9%
Median House Price	Dec Q 2009	\$121,000	-19.3%
Overnight Visitors	YE Mar 2010	417,300 ^(a)	-12.9%
Broken Hill Airport RPT	2008-09	55,809	-6.3%

Note: All data is valid as of 31st July 2010. (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

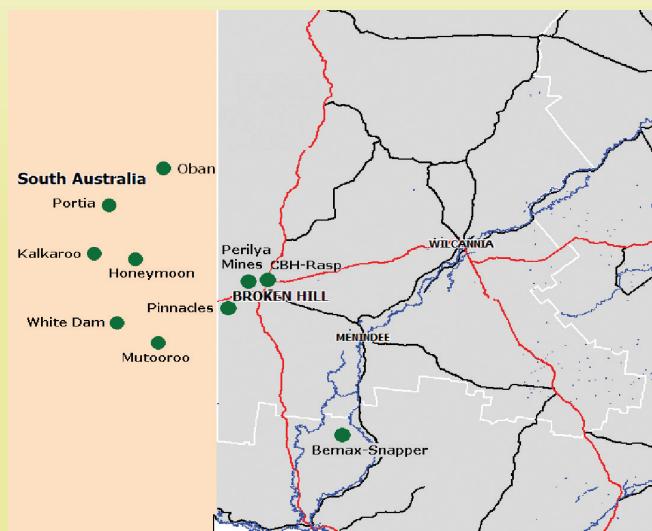


Table 1: Planned Major Projects Included in Economic Impact Modelling

Company	Project	Probability	Construction Phase				Operation Phase			
			Year Start	Total \$m	Region \$m	Jobs	Year Start	Life Years	Total \$m	Region \$m
Bemax	Snapper	High	2009	\$105	\$32	150	2010	15	\$40	\$24
Exco Resources	White Dam	High	2009	\$14	\$3	100	2010	3	\$20	\$2
Uranium One	Honeymoon	High	2009	\$138	\$48	120	2010	7	\$25	\$15
Broken Hill Operations	Rasp Mine	Medium	2011	\$145	\$44	150	2012	13	\$57	\$34
Carpentaria Exploration	Hawsons Iron Project	Low	2013	\$2,000	\$400	1,000	2014	50	\$600 ^(a)	\$360 ^(a)
Leasecorp Projects	Broken Hill Plaza	Medium	2011	\$18 ^(a)	\$12 ^(a)	85	2012	40+	\$25 ^(a)	\$8 ^(a)
Broken Hill Council	Aquatic Centre Expansion	High	2010	\$5	\$5	100 ^(a)	2011	40+	\$3 ^(a)	\$3 ^(a)
Broken Hill Council	Film Studio	High	2010	\$2	\$2	6	2010	10	\$15	\$15

Note: All data is valid as of 31st July 2010. (a) Estimated by AECgroup using industry benchmarks.



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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. Employment in the mining industry then declined significantly in 2009 as a result of existing mining companies resizing operations and fell below 2006 levels. Employment declined further in 2010 as construction was completed for several mines and operations reverted to smaller ongoing workforces.

The economic impacts for the Far West Region are projected to total an additional \$19M in value added (GRP) in 2011 based on a medium scenario. This projected growth is primarily due to expected recommencement of the Rasp Mine and construction of the Broken Hill Plaza and Aquatic Centre expansion (see **Figure 1**).

Employment in the Far West Region is projected to increase in 2010 based on the medium scenario with employment up to 440 Full Time Equivalent positions above the 2006 workforce. The employment breakdown includes 183 direct jobs and 257 flow-on jobs with the total representing growth of 4.4% from 2006 (see **Figure 2**). Employment impacts are expected to peak during 2011 before declining over time as resources in some mines are exhausted.

The high growth scenario is significantly higher than the low and medium scenarios as a result of the potential major investment of the Hawsons Iron Project. While the project is at an early stage of investigation, it could result in a billion dollar investment should it proceed. As in previous years, the high scenario includes all major projects (where data has been provided) under investigation and planned for the region and represents an upper limit of growth. It should therefore be interpreted with some caution as the Hawsons Iron Project is far from being committed.

The expected employment impacts would result in growth across a range of industry sectors in the Far West Region (see **Figure 3**). The retail sector is expected to average almost 40% of employment growth over the next 10 years (257 jobs) due to the operation of the new Broken Hill Plaza. The mining sector is projected to account for 25% of employment growth, equating to 173 jobs, as a result of new projects. Other industry sectors expected to experience employment growth include finance, business and communications services (51 jobs or 8%) and construction (50 jobs or 7%).

Contacts and Support

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Figure 1: Projected Additional GRP (\$m)

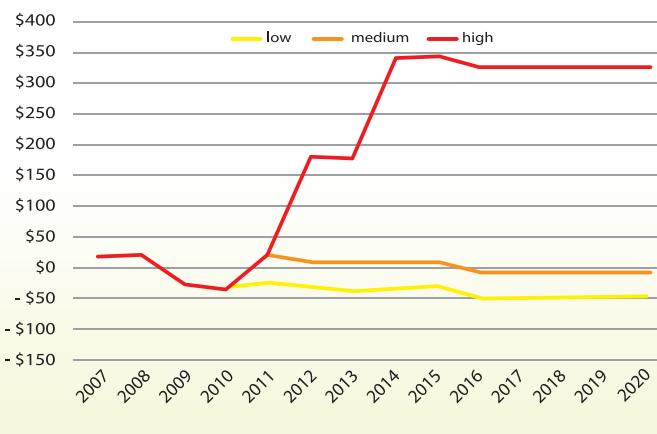
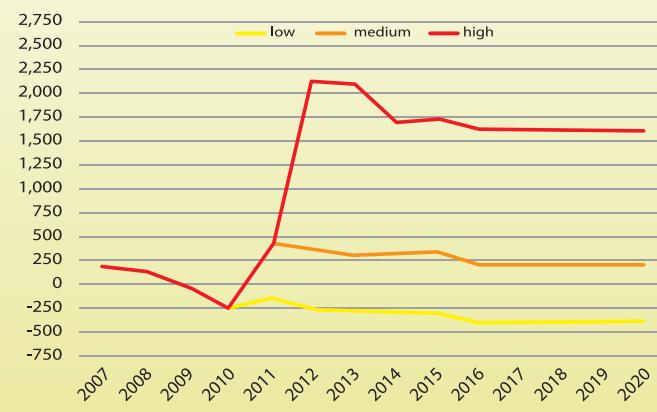
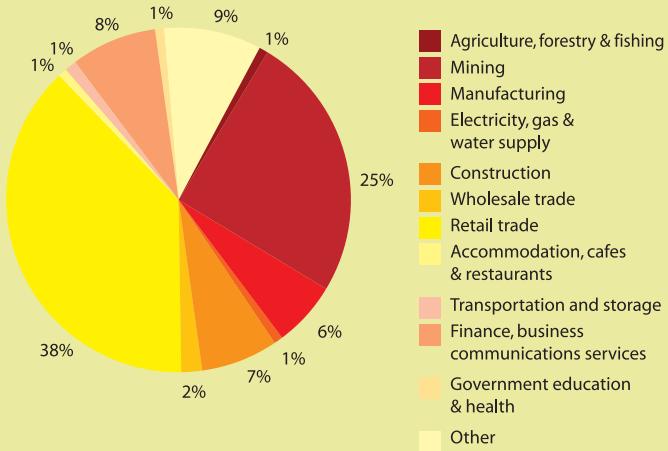


Figure 2: Projected Additional Employment (FTE)



**Figure 3: % of Additional Employment by Industry
(Projected Average 2010-2020) – Medium Scenario**



Profile compiled by AECgroup. Published by Regional Development Australia – Far West NSW and Broken Hill City Council in August 2010. RDA Far West NSW, Broken Hill City Council and AECgroup would like to thank all organisations contributing to this profile.