

Far West Regional Economic Update September Quarter 2014

Major Projects Round Up

Perilya: October has seen the departure of David Hume moving on to a new international posting with Bruce Byrne assuming the role of General Manager for the Broken Hill Operations and Geoff Hender appointed as Deputy General Manager. During the September quarter, Perilya purchased a new loader and placed an order for a new development jumbo in order to strengthen its primary production fleet. These equipment purchases will assist in stabilising the production performance at the Southern Operations and allow for an increased focus to lift the production rate at Potosi; thus resulting in the hiring of additional full time employees at both Potosi & Southern Operations, with an estimated 470 personnel employed across both operations. Efficiency improvement and cost reduction initiatives continued in conjunction with the development of Perilya's 2015 Business Plan.

Havilah: During the quarter Havilah Resources mining lease proposal document for the Maldorky Iron Ore Project was accepted by the South Australian Department of State Development (DSD) and posted on their website for public comment. A mining lease over the Maldorky Iron Ore Deposit will be granted subject to Havilah Resources adequately addressing all the relevant public comments and reaching access agreements with the landholders and native title claimants. Upgrading of the Maldorky iron ore in a gravity processing pilot plant produced a high quality iron ore concentrate, with exceptionally low contents of aluminium, phosphorous, sulphur and other undesirable elements. This pilot test work confirms that it is possible to generate a premium iron ore concentrate by the simple combination of optimum size grinding, screening and gravity separation of the hematite rich Maldorky ore.

The mining lease proposal document for the Kalkaroo Copper-Gold Project was finalised and will also shortly be posted on DSD's website for public comment. In a further positive development, Havilah expects to receive the final mining approvals for go ahead of the Portia Gold Project before the end of the year, following DSD's acceptance of the revised version of the key mining approval document. Havilah's exploration partner, MMG Exploration Pty Ltd (a subsidiary of the large China Minmetals Group), has completed a 15 hole (total 4,514m) diamond drilling program on several promising copper-gold prospects within Havilah's exploration licences and at the time of writing assay results are being finalised.

Havilah has appointed Mr Andrew Woitd as its Environmental Manager. Andrew has had ten years' experience in environmental management, most recently as Senior Environmental Officer for IMX Resources at the Cairn Hill Magnetite-Copper-Gold Project in northern South Australia. Andrew brings a wealth of highly relevant practical experience and his initial task will be to assist in preparation of the final mining approval documents for the Maldorky and Kalkaroo Projects and the associated management plans and environmental compliance monitoring programs.

CBH's Broken Hill Operations: No significant changes to the operation. Approval was granted to operate the crusher at the processing plant on a 24hr per day basis. This will allow the processing plant to operate with greater flexibility. CBH will continue to look at opportunities to improve the business across all departments with particular focus on cost reductions.

AGL Solar Plant:

Engineering and Deliverables:

- Consolidated Power Projects (CPP) is finalising the design for 2 x 22KV transmission lines.
- Finalising the Construction Environmental Management Plans (CEMP).

Procurement, Contracts, Deliveries:

- Delivery of posts has commenced to the First Solar site laydown area.

Construction:

- First Solar is progressing the enabling works.
- Construction of 22kv OHL relocation work (to underground) is complete.
- TransGrid has commenced construction in their substation for the 2 x 22kV connection from CPP.

Project Update:

- First Solar started enabling works on site on Tuesday, 15 July.
- 3 packages of work— Civil Team Engineering has been awarded the civil package. Structural package is being awarded later this month and the electrical package has been tendered and is being evaluated.

Health Services industry

Overview

While Mining is easily the largest industry in the region with regards to output and exports, it is often overlooked that the Health and Social Assistance Industry ranks number 1 in the region for employing our locals—almost triple that of mining. In fact in terms of local employment the Mining Industry comes in at number 7 on the list. Health Services accounts for more than 1,294 full and part time jobs in the region or 17.6% of our employment versus 11.9% for the same industry for the rest of NSW. Of those 1,294 jobs,

- 418 are in Medical and Other Health Care Services,
- 376 are in Hospitals,
- 265 are in Residential Care Services and
- 235 are in Social Assistance Services.

Health Services are also the second most productive industry in the region with \$88.1m generated in the last financial year accounting for 10% of value added to the Broken Hill area, compared with 7.6% for the rest of NSW. The industry has only 45 registered businesses accounting for this productivity.

This is a female dominated industry with 867 females to 233 male workers, they are largely Professionals (432) and Community and Personal Service workers (361). The industry is equally served by unqualified personnel (325) and those with a Bachelor Degree or higher (320). The main age group of Health Services workers is 45-54 years and the average worker works a 40 hour week and earns between \$600 and \$1249 per week.

Far West Local Health District

The FWLHD serves a population of just over 30,000 people dispersed over the second largest geographic area of all the LHD's in NSW (194,949 square kilometres) of which over 10% are aboriginal.

	2012/13			2013/14			2014/15 Projected		
	Employment	Value Add	Worker Productivity	Employment	Value Add	Worker Productivity	Employment	Value Add	Worker Productivity
Broken Hill	468	79,224,066	169,282	498	82,140,856	164,941	550	79,989,015	145,435
Menindee	9	1,172,292	130,255	9	1,011,392	112,377	7	1,199,575	171,368
Wilcannia/White Cliffs	25	3,211,998	128,480	24	3,214,626	133,943	24	3,068,017	127,834
Tibooburra	4	497,406	124,352	4	446,696	111,674	4	463,514	115,879
Ivanhoe	5	879,695	175,939	5	737,394	147,479	6	892,735	148,789
TOTAL	511	84,985,457	166,312	540	87,550,964	162,131	591	85,612,856	144,861

Health Services Industry

Local Health Services Industry

Our local Health Services Industry covers a range of services including smaller independently owned ancillary services through to General Practice Clinics, the RFDS and Maari Ma.

General Practices

General Practices have seen a significant increase in demand for services resulting in expansion of services.

Consult between 2000 – 3500 patients per month.	Includes clinics that have been running from between 1 year to 95 years.	Employ an average of 18 people all of which reside in Broken Hill
Have either recently expanded services (going from 2 Doctors to 5 and opening 2 extra consulting rooms and a pathology lab) or are planning on expanding services in the near future – all resulting in extra employment.		Have no problems sourcing administration staff from the region, however need to entice Doctors and other specialists from elsewhere.

Ancillary Services

While local ancillary services are experiencing a higher demand for services it is not necessarily resulting in growth rather a consolidation of business. Of those surveyed a steady state of affairs was the agreed perception, most businesses have been in business in Broken Hill for a long time (avg. 17 years), they employed on average 4 local people and had no immediate plans for expansion. Of note however is that due to a combination of factors including the Governments Enhanced Primary Care (EPC) referral program, a higher percentage of people with private health cover and a generally more educated population that demand for their services has risen.

Aboriginal Health

While there is a general decline in population the indigenous population of the far west is increasing partly in response to the focus on indigenous health care in the region. As with the general practice clinics, Maari Ma has experienced a significant growth in demand for its services and as a result has been able to expand its services every year of its 20 years in business. Of note are the following:

Provides more than 3200 occasions of services a month.	Provides health services in Broken Hill, Wilcannia, Menindee, Ivanhoe, Tibooburra and White Cliffs.	Employs 102 people of which 56% are indigenous.
Has had a steady increase in grant revenue over the last 8 financial years allowing for a significant \$5 million redevelopment of the primary health service in Broken Hill as well as a \$1 million construction project in Wilcannia.		
Currently have a number of submissions before the Government for funding the expansion of services.		The new funding opportunities will result in more employees across their footprint of services.
Have issues finding employees with appropriate qualifications to work in their service and contract a number of part time GP's with expertise in Aboriginal Health to work with them.		Currently employ 42% of all registered Aboriginal Health Practitioners in NSW.

FAR WEST FAST FACTS:

- *** 155 New cars were sold in Broken Hill during the July—September 2014 quarter.
- *** Drug related incidents were down from 38 in the same quarter 2013 to 8 this quarter.
- *** The construction industry has the largest number of total registered business, comprising 14.3% of all businesses in the region.

Economic Growth Indicators

House Sales

(July-Sept 2014)

59 Homes were sold in the Broken Hill area during the July—September 2014 quarter, **5 more** than the previous quarter.

Population

2013	19,048
2012	19,103
Change	- 55

Building Approvals

(July-Sept 2014)

Approvals	48
Amended Approvals	3
Total Value	\$593,395.00

Carports/Verandah's/Pergolas (**17**) and Sheds (**13**) Make up the bulk of approvals.

Employed Residents

2013	7828
2012	7827
Change	+ 1

FAR WEST FAST FACTS — Visitor Numbers

NSW Trainlink logged 1,696 visitors arriving by coach and train for the 2014 September quarter, down slightly from the previous quarter.

The Broken Hill Visitor Information Centre had 37,927 visitors through its doors during the 2014 September quarter. Up 2,675 on the previous quarter.

REX carried 14,767 passengers in and out of Broken Hill during the 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 or Facebook page, 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:

The Regional Economic Update is researched and produced by Regional Development Australia Far West supported by the Broken Hill City Council. 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. Economic statistics sourced from economy.id.com.au/broken-hill. All other information has been sourced through interviews with local businesses and organisations and we thank them for their time and generosity.