

**Submission
No 24**

**INQUIRY INTO ECONOMIC AND SOCIAL DEVELOPMENT
IN CENTRAL WESTERN NEW SOUTH WALES**

Organisation: Broken Hill City Council

Date received: 26/08/2011



Broken Hill City Council

... a safe, vibrant, prosperous and culturally rich City achieved through community leadership and sustainable management.

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August 26, 2011

Chair,
Standing Committee on State Development,
NSW Legislative Council,
Parliament House,
Macquarie Street,
SYDNEY NSW 2000

Email: statedevelopment@parliament.nsw.gov.au

Dear Mr. Colless,

Inquiry into Economic & Social Development in Central Western NSW

Thank you for the opportunity to provide a submission to the Standing Committee and I formally extend an invitation for the Committee to hold one of its public hearings in the City of Broken Hill.

Council views the development of enabling local infrastructure and services for the City of Broken Hill and region as the critical components of retaining and attracting residents, business and industry to Far West NSW.

Background

The City

The City of Broken Hill (area 179sq km) is the largest regional centre in the western half of New South Wales. It lies in the centre of the sparsely settled New South Wales Outback, close to the South Australian border and midway between the Queensland and Victorian borders. The nearest large population centre is Mildura in Victoria, 300 kms distant to the south on the Murray River. The nearest large city is Adelaide, capital of South Australia, approximately 500 kms to the southwest. Because of its location Broken Hill has strong cultural and historical connections with South Australia. The city area is surrounded by and is a regional service centre to the Unincorporated Area of NSW and adjoining shire and district communities.

The most recent estimates place the population at 20,000. This represents a 30% decline since 1971, mainly related to the decline in the local mining industry. However, in recent years the population has stabilised somewhat and the rate of decline has slowed.

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Mining development and exploration activity both in the City and surrounding region has seen a resurgence during the past few years around high commodity prices - the cycle continues as it has in the City for the past 128 years, and remains buoyant for the foreseeable term.

Tourism is widely regarded as a strong performer and not subject to the impacts of the mining industry. Although the industry across NSW has been negatively affected by drought, floods and the exchange rate, a number of national and international factors have helped to increase visitor numbers to Broken Hill and region over recent years with total visitors to Outback NSW increasing from 614,000 in 2009 to 681,000 in 2010 (11% increase).

Current nomination of Broken Hill for national heritage listing if successful will see “the Hill that changed a nation” rightly recognised for its place and role in the nation’s development.

Council infrastructure improvements together with film making, retail and renewable energy developments in and around the City will also mean a vibrant and culturally rich Broken Hill will continue to be a liveable regional city for the longer term.

The Organisation

Broken Hill City Council is an award winning organisation recognised by the local government industry and other levels of government and industry sectors in NSW, nationally and internationally with a range of impressive achievements over many years.

Council currently employs 275 full time, part time and casual employees, giving a total of 235 equivalent full time employees.

Council provides a significant range of services to the city and regional community. Council operates a broad “services to property and people” portfolio of community business and invests heavily in social capital.

Council presently owns or manages infrastructure assets of \$223M and faces juggling competing community needs and priorities within a limited financial resource base.

Council’s annual operating budget is approximately \$30M (2011). Income from rates and annual charges is in the order of \$12.8M or 43% of its total annual revenue. The balance of income is primarily from Commonwealth and State Government operating grants and contributions (\$9.45M) and user charges and fees (\$4.1M).

This collectively means that service provision and asset management in particular within this environment is a major challenge for the organisation.

Council’s challenge is to continue to adjust to change after years of population decline and effectively manage its community assets - in a demanding environment for provision of services with increasing government and community accountability.

Our Vision

“Broken Hill will be a safe, vibrant, prosperous and culturally rich City through community leadership and sustainable management”

In line with this Vision, the Council aims that Broken Hill in 2030 will be a community that boasts:

- a stable or increasing population;

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- a more balanced age structure, especially by retaining young people;
- an expanding economy;
- an increase in employment and education opportunities;
- a safe environment in which to live; and
- a range of services that is comparable with those enjoyed by larger communities, including cultural, community and recreational services.

Council will be an organisation with:

- strong and effective leadership;
- a healthy and sustainable financial position;
- a safe workplace;
- a highly skilled and motivated workforce;
- a set of satisfied customers; and
- cost efficient and effective business processes.

Our Mission

“Council will provide responsive community leadership and high quality services in a sustainable manner to maintain and enhance Broken Hill’s lifestyle”

Terms of Reference

That the Standing Committee on State Development inquire into and report on the factors restricting economic and social development in central western New South Wales, and in particular:

- a) the provision of health, education and cultural facilities,
- b) the reasons for population decline or growth in different areas,
- c) the adequacy of transport and road infrastructure,
- d) ways to encourage development of local enterprises and the potential of the region overall,
- e) the comparative level of government business activity located within the region,
- f) methodologies for local government to collectively cooperate to achieve increased infrastructure funding and economic growth,
- g) any other factor restricting economic and social development in central western New South Wales.

What is Council doing in response?

- i) Council in partnership with the Regional Development Australia Far West Board regularly updates the Far West NSW Growth and Investment Strategy - to provide a clearer picture of the quantum of impact for the region and identifying progress with and action needed on large employment generating projects within the region - (copy attached and updated report to be released in October 2011).

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- ii) Council is assisting to facilitate major current and planned infrastructure developments (i.e. BeMax Mineral Sands mining/processing expansion, Silverton Wind Farm development, Menindee Lakes Water Savings Project and Hawson's Iron Ore project) to progress and has requested the NSW and Commonwealth Government to assist also.
- iii) Council in partnership with the RDA Far West is developing and implementing strategies to retain local employment and residents minimise restructure impacts and carryout ongoing monitoring of agreed program implementation.
- iv) Council has completed and commenced implementation of the Integrated Planning and Assessment Framework in Group 1 (2010) and the Broken Hill Community Strategic Plan 2030 has been developed with key stakeholder and broad community input.
- v) Council, based on the recently adopted community strategic and asset management plans is progressing a range of community infrastructure maintenance and renewal projects to assist with local employment retention/generation (2009/2010 - \$7.6M and 2010/2011 - \$8.9M allocated to capital works projects)
- vi) Council is a strong advocate for the roll out of the backhaul black spots infrastructure – enabling NBN rollout and backhaul is currently under construction in and around Broken Hill and region.
- vii) Council has established in partnership with RDA Far West a Digital Economy Working Group to develop and progress a key enabling Digital Economy Strategy for Broken Hill and the Far West NSW Region.
- viii) Key components of the proposed Broken Hill Digital Economy Strategy will align with the National Strategy – including online participation by households, online engagement by businesses and not-for profit organisations, smarter management of the local environment and infrastructure, improved health and aged care, expanded online education, increased teleworking, improved online government service delivery and engagement – as strategic outcomes.
- ix) Council is the “front door” for NSW and Australian Government service delivery – Broken Hill City Council has a strong performance record with service delivery for a range of state and commonwealth programs – both within and outside the City boundaries.

What is Council requesting the Committee to consider?

- i) Recommending to the NSW and Australian Government additional direct funding to Council through existing programs for targeted local infrastructure renewal works (local roads, footpaths and storm water management projects) to assist to fund additional employment generating projects undertaken by Council as currently identified in Councils adopted Delivery Program. The methodology is not dissimilar to the current Regional and Local Community Infrastructure Program and Roads to Recovery funding model and Council submits that the focus should be on additional projects and on additional employment generation - albeit short to medium term and project specific.
- ii) Recommend that a "whole of government" response is provided to these critical issues for the City and region and as a first step appoint Country NSW Jobs Co-ordinators to each of the NSW regions including the Far West and allocated to RDA Far West.

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- iii) Consider streamlining further the regional development model, dismantling further the committee structures and placing and funding the whole regional development function within the charter and responsibility of local government linked to a regional planning model and the NSW State Plan. Service delivery can be decentralised by utilising the existing council shopfronts across NSW and in particular Far West NSW. The savings in administrative costs would appear to be significant and these savings can then be directed to on the ground works.
- iv) Consider further contributions to the Broken Hill Community Foundation - Capital Fund. The Foundation was established during the last major mining restructure in the city " to assist Broken Hill to complete the transition from a once great mining icon to a vibrant, diverse and self reliant community". The Foundation's objective is to be a credible, sustainable community capital fund that facilitates employment opportunities and encourages social development. The Foundation is a possible vehicle for allocation of any funding to assist with ongoing restructure of the city's economy.
- (v) Australian Government and NBN Co funding support for partnering with regional, rural and remote Local Governments and Regional Development Australia to assist them to understand develop and progress the enabling digital economy strategies for their particular region.
- (vi) Requesting NBN Co. to consider key strategic locations including Broken Hill for priority roll out of the NBN.
- (vii) The key reasons for Broken Hill being a priority location for the NBN rollout are,
 - 1. Additional telecommunications capacity will assist to improve the commercial viability of major projects that are planned in the region and to attract the service and support businesses to the region that are reliant on telecommunications.
 - 2. This has a projected additional value added Gross Regional Product benefit of \$54m for the region over the next 2 years.
 - 3. Economic Stimulus that will result from the direct investment in the region through the construction phase of the network and ongoing maintenance of the infrastructure.
 - 4. Additional access to competitive high speed data carrying capacity will improve the pricing service and business opportunities in the region.
 - 5. From Broken Hill the additional network capacity can be distributed throughout our region, providing a valuable communication asset for mining, primary industries, film, renewable energy projects and other economic development that may not otherwise be possible.
 - 6. Improved ability to develop high quality educational opportunities in the region – connected campuses.
 - 7. Opportunities for more sophisticated and cost effective health service delivery (remote diagnosis, link to remote specialist clinics during local procedures)
 - 8. Improved telecommunications access for clinical placement programs by the Broken Hill University Department of Rural Health for Broken Hill and region.

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9. Improving telecommunications access for smaller indigenous communities in the region
10. Improved access and integration of Broken Hill City Council services across a range of remote sites including Airport, Regional Aquatic Centre, Landfill and Youth Services.

Thank you again for the opportunity to assist the Committee by providing information relevant to the Terms of Reference.

Council looks forward to progressing the key issues raised in partnership with the NSW Government to best effect.

Yours faithfully,

FRANK ZAKNICH
GENERAL MANAGER

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

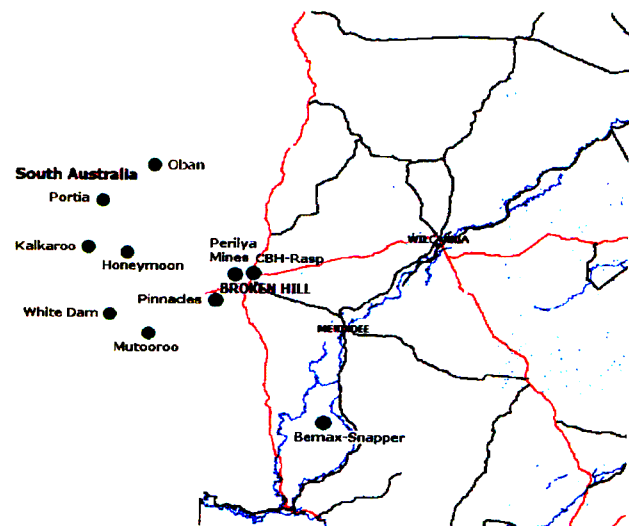


Table 1: Planned Major Projects Included in Economic Impact Modelling

Company	Project	Probability	Construction Phase				Operation Phase				
			Year Start	Total \$m	Region \$m	Jobs	Year Start	Life Years	Total \$m	Region \$m	Jobs
Bemax	Snapper	High	2009	\$105	\$32	150	2010	15	\$40	\$24	125
Exco Resources	White Dam	High	2009	\$14	\$3	100	2010	3	\$20	\$2	29
Uranium One	Honeymoon	High	2009	\$138	\$48	120	2010	7	\$25	\$15	60
Broken Hill Operations	Rasp Mine	Medium	2011	\$145	\$44	150	2012	13	\$57	\$34	160
Carpentaria Exploration	Hawsons Iron Project	Low	2013	\$2,000	\$400	1,000	2014	50	\$600 ^(a)	\$360 ^(a)	800
Leasecorp Projects	Broken Hill Plaza	Medium	2011	\$18 ^(a)	\$12 ^(a)	85	2012	40+	\$25 ^(a)	\$8 ^(a)	290
Broken Hill Council	Aquatic Centre Expansion	High	2010	\$5	\$5	100 ^(a)	2011	40+	\$3 ^(a)	\$3 ^(a)	30 ^(a)
Broken Hill Council	Film Studio	High	2010	\$2	\$2	6	2010	10	\$15	\$15	19

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%).

Figure 1: Projected Additional GRP (\$m)

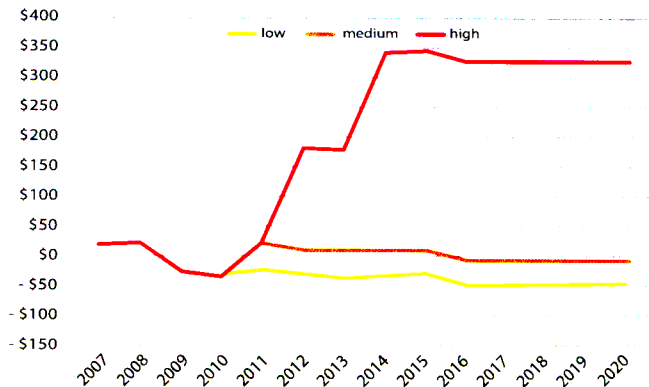


Figure 2: Projected Additional Employment (FTE)

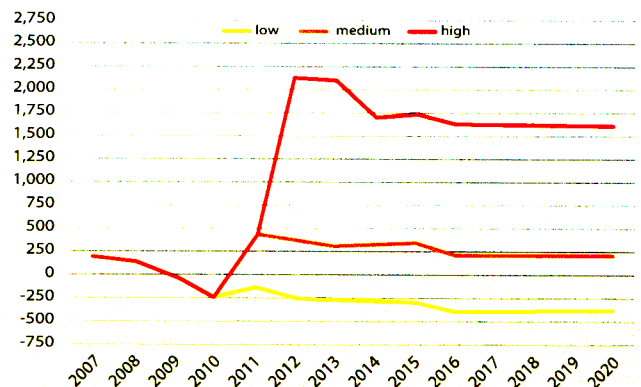
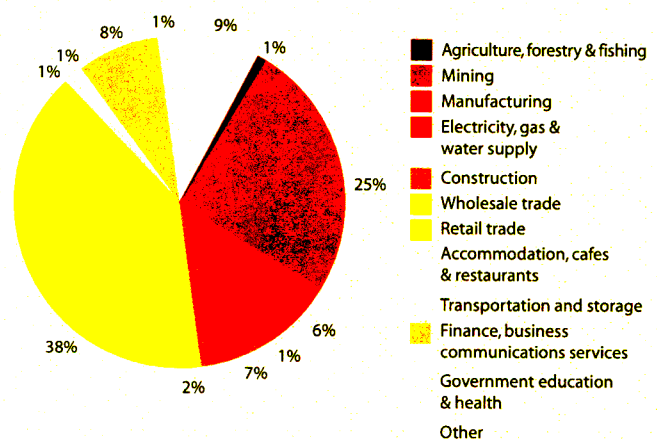


Figure 3: % of Additional Employment by Industry (Projected Average 2010-2020) – Medium Scenario



Contacts and Support

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Tel: (08) 8087 8383 Fax: (08) 8087 8413
www.rdafarwestnsw.org.au

Major Projects

The global economic slowdown has had a significant impact on the Australian economy with the mining sector having been particularly hard hit. Weakened global demand coupled with a significant decline in base metal prices has resulted in several mining companies in the Far West Region restructuring operations to reduce costs.

During 2008 several mining companies in the Far West Region announced downsizing of operations due to economic conditions and a reduction in base metal prices. This included Perilya resizing their **Southern Operations** and placing the **North** and **Potosi Mines** into care and maintenance. CBH Resources has placed the development of the **Rasp Mine** on care and maintenance with planning for the **Processing Plant** also placed on hold. Indications are that Bemax's operations and employment have remained relatively unchanged with the **Snapper Mine** due to start operation in 2010. Since the last update there has been significant investment movement in the ownership of Perilya and Bemax.

There are several projects in the planning stage with potential commencement during the next 4 years. Uranium One's **Honeymoon Mine** has received approval from the SA Government with construction expected to begin in 2009. Projects awaiting government approval include Havilah's **Oban Mine**, waiting for approval for a field leach trial.

Several mining companies are currently undertaking feasibility studies to determine the profitability of ore reserves and future operations following positive drilling results. Havilah's **Kalkaroo** and **Mutooroo Mines** are both well advanced in the feasibility process with a feasibility study underway for Pinnacle's **Edwards Pit Expansion**. Havilah's **Portia Mine** is currently undergoing a pre-feasibility trial mining operation.

The **Silverton Wind Farm** is the biggest project currently planned for the Far West Region. An environmental assessment has been completed for the project with the NSW Department of Planning recently consenting to the application.

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 (right) 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 projects included in previous editions of the study that have been removed due to lack of available data include Exco's **White Dam Mine** and Bemax's **Mineral Separation Plant** expansion. Perilya's **Potosi Mine** and **North Mine Deeps** and CBH Resource's **Rasp Mine** and **Processing Plant** have also been omitted as they have been placed in care and maintenance indefinitely until global metal prices increase sufficiently to make operations financially feasible.

Several other construction projects planned for Broken Hill have also been removed from the economic impact modelling due to a lack of progress at the time of the update. These projects include Leasacorp's **Shopping Centre**, Macdonald Group's **Retirement Village** and MBS's **Golf Club Redevelopment**.

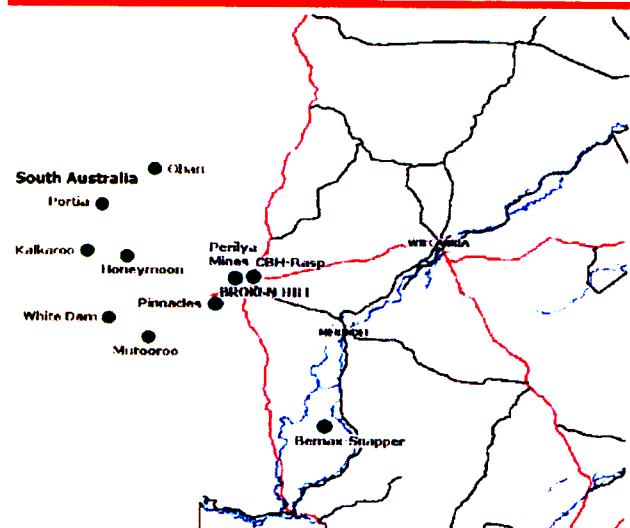


Table 1: Planned Major Projects Included in Economic Impact Modelling

Company	Project	Probability	Construction Phase				Operation Phase				
			Year Start	Total \$m	Region \$m	Jobs	Year Start	Life Years	Total \$m	Region \$m	Jobs
Havilah	Portia	Medium	2009	\$20	\$18	40	2009	2	\$20	\$12 ^(a)	60
Havilah	Kalkaroo	Low	2010	\$220	\$198	200	2011	15	\$200	\$120 ^(a)	200
Havilah	Mutooroo	Low	2010	\$100	\$90	100	2011	12	\$150	\$90 ^(a)	60
Havilah	Oban	Low	2009	\$7	\$6	20	2010	5	\$20	\$12 ^(a)	60
Uranium One	Honeymoon	High	2009	\$118	\$41	120	2010	7	\$25	\$15	65
Pinnacle Mines	Edwards Pit - Small	Medium	2010	\$15	\$10	5	2011	15	\$18	\$11 ^(a)	50
Pinnacle Mines	Edwards Pit - Large	Low	2012	\$200	\$130	20	2013	15	\$100	\$60 ^(a)	400
Bemax	Snapper	High	2008	\$105	\$32	10	2010	15	\$40	\$24	150
Silverton Wind Farm	Silverton Wind Farm	Medium	2010	\$2,500	\$625	700 ^(b)	2011	25	\$20	\$15	120 ^(c)

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 6.8% in the December Quarter 2008, which was a decline during the last 12 months. Unemployment associated with the restructuring of mining operations in late 2008 is not believed to be captured in these figures.

Demand for housing recorded strong growth with the median selling price for houses of \$150,000 in the December Quarter 2008. Investment in the region has remained strong with the value of both new residential and non-residential building approvals recording considerable growth during 2007-08.

The Broken Hill Airport has continued to experience strong growth in passenger numbers due to the increase in services and airline capacity. Almost 60,000 passengers passed through the airport in 2007-08, an increase of 23.0% from the previous year.

Indicator	Period	Level	Ann % Chg
Population	2008	22,737	-0.7%
Unemployment Rate	Dec Q 2008	6.8%	-0.7%
New Residential Approvals	2007-08	\$9.2M	91.7%
Commercial Approvals	2007-08	\$9.3M	43.1%
Median House Price	Dec Q 2008	\$150,000	16.7%
Overnight Visitors	YE Mar 2009	479,000 ^(a)	15.4%
Broken Hill Airport RPT	2007-08	59,561	23.0%

Note: All data is valid as of 31st March 2009. (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 represents a key component 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 March 2009 there were 465,000 domestic visitors that stayed overnight in Outback NSW, up by 15.4% from the previous year. This exceeded the national growth trend which saw domestic overnight trips increase by 9.0%. International visitors represent a small proportion of overnight visitation with 14,000 visitors in the YE March 2009.

The value of the tourism sector was estimated to be \$256M to the Outback NSW economy in the YE March 2009, an increase of 39.1% from the previous year. Broken Hill has recently been short listed for the National Heritage List, the only city in Australia to be nominated. Inclusion on the list would provide an opportunity to further promote and grow the tourism sector in 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 new \$4.5M Broken Hill Regional Aquatic Centre was completed and opened in late 2008. The facility, which includes a new 50m pool, is comparable to those in regional centres.
- Compass Housing Services took over management of public and community housing in Broken Hill during 2008. They are in the process of upgrading all properties in Broken Hill with funding from the NSW Government.
- Construction is near complete on the Broken Hill Regional Events Centre Pavilion at the Broken Hill Racecourse with additional funding being sourced to complete the project.
- The Commonwealth Government has signed off on \$659,000 of funding for Broken Hill City Council to build a stormwater detention basin, which will help contain water overflow during rain storm events in Broken Hill.
- The NSW Government is extending funding for its bridge replacement program on rural roads with funding to replace the Bonley Bridge on the Wilcannia to Menindee Road.

Skills & Training

The Far West Region continues to experience skill shortages in certain sectors in line with the experiences throughout regional Australia. New initiatives and strategies are in place to help alleviate these shortages.

The Broken Hill High School has been awarded nearly \$6M to build a trade training centre that will also benefit other schools in the region including Willyama High School and the Central Schools in Menindee, Wilcannia and Ivanhoe. The investment will go towards new facilities to provide opportunities for trades training and the development of real skills for real jobs.

The restructuring of mining operations by mining companies has resulted in several hundred people being laid off. This has had an impact on apprentices with some being laid off during their program. Broken Hill TAFE has come to an agreement with Perilya to allow apprentices to fast track their studies.

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 has declined significantly as a result of existing mining companies resizing operations in late 2008. This is expected to result in employment falling below 2006 levels until new projects commence.

The economic impacts for the Far West Region are projected to total an additional \$78M in value added (GRP) in 2010 based on a medium scenario, primarily due to expected commencement of the Silverton Wind Farm (see **Figure 1**). To place this into perspective, the medium development scenario would increase GRP by up to 6.5% (in 2010) compared with the 2005-06 GRP estimate of \$1,195M.

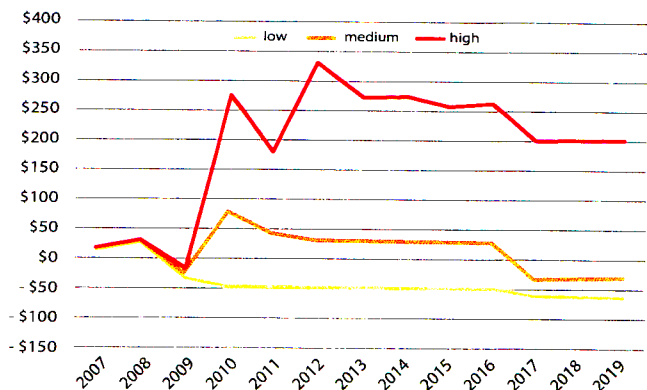
Employment in the Far West Region is projected to increase by up to 1,272 Full Time Equivalent (FTE) positions in 2010 based on the medium scenario. The employment breakdown includes 595 direct jobs and 677 flow-on jobs with the total representing growth of 12.7% from 2006 (see **Figure 2**). Employment impacts are expected to peak during the start of construction of the Silverton Wind Farm before levelling out.

Table 3 below provides an overview of projected changes in employment by industry from the base in 2007. Employment in the mining sector is expected to partially recover in the medium term as new projects commence though not to the 2007 level unless recently 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 property & business services sectors.

Table 3: Projected Additional FTE Employment (Medium Scenario)

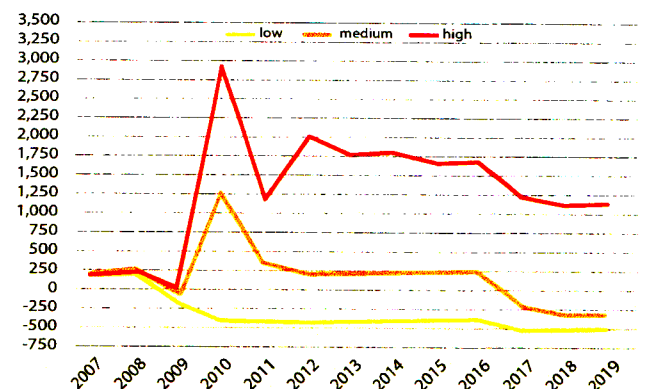
Sector	ABS Census	Report	Additional Employment			Avg. Annual %
	2006	Base Year	2009	2014	2019	2007 to 2014
Agriculture, Forestry & Fishing	716	719	4	8	-5	0.15%
Mining	645	646	-423	-198	-229	-4.48%
Manufacturing	388	408	-4	34	-43	1.00%
Electricity, Gas and Water Supply	199	200	-9	-3	-6	-0.18%
Construction	494	581	156	29	-91	0.60%
Wholesale Trade	343	349	-4	8	-13	0.28%
Retail Trade	1,706	1,722	26	44	-22	0.32%
Accommodation, Cafes and Restaurants	640	645	6	12	-7	0.23%
Transport and Storage	384	390	2	11	-11	0.35%
Communication Services	123	126	-2	4	-6	0.38%
Finance and Insurance	167	173	-6	8	-14	0.57%
Property and Business Services	625	647	12	45	-39	0.85%
Government Administration and Defence	629	630	2	3	-2	0.06%
Education	752	755	5	9	-4	0.15%
Health and Community Services	1,332	1,335	6	9	-4	0.08%
Cultural, Arts and Recreational Services	151	153	1	5	-4	0.42%
Personal and Other Services	500	504	7	11	-5	0.26%
Ownership of Dwellings	232	232	-16	-7	-4	-0.37%
Total	10,027	10,215	-239	32	-509	0.04%

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



Note: Change from 2006. Low, medium and high scenarios based on the assumed probability of major projects commencing.

Figure 2: Projected Change in Employment (FTE)



Note: Change from 2006. Low, medium and high scenarios based on the assumed probability of major projects commencing.

Strategy Update

Strategy/Action	12 Month Progress Report	Planned Actions for Next 12 Months
<p>Promote Knowledge Development & Dissemination</p> <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>Distribution of growth / investment study within and outside the region Ongoing</p> <p>Study Updates Completed Study Updates Completed</p> <p>Wide distribution of study within and outside the region</p>	<p>Ongoing distribution of Updates Ongoing Ongoing Ongoing Ongoing</p>
<p>Facilitate Industry and Community Engagement</p> <ol style="list-style-type: none"> 1. Inform, involve and collaborate with key stakeholders. 	<p>Ongoing through ODF and Growth & Skills Taskforce</p>	<p>Ongoing</p>
<p>Build Community Capacity</p> <ol style="list-style-type: none"> 1. Assess community capacity in terms of skills gaps. 2. Facilitate community workshops and seminars. 	<p>Forum held June 2008 Forum held June 2008</p>	<p>More detailed analysis Ongoing</p>
<p>Support and Assist Existing Business</p> <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 ODF and Growth and Skills Taskforce</p>	<p>Ongoing Ongoing Ongoing</p>
<p>Attract and Encourage New Businesses</p> <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 ODF and Growth and Skills Taskforce Regional Investment Tour April 2008 Ongoing</p>	<p>Update Profile Commence Review future tour Ongoing</p>
<p>Promote Economic Development and Diversification</p> <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 ODF and Growth and Skills Taskforce</p>	<p>Ongoing Ongoing ODF and new RDA</p>
<p>Facilitate Infrastructure Provision and Development</p> <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 development Ongoing through ODF and Growth and Skills Taskforce</p>	<p>Ongoing Ongoing Ongoing</p>
<p>Ensure Land Use Efficiency and Resource Protection</p> <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 Completed In progress</p>	<p>LEP rezoning underway LEP rezoning underway Completion by April 2010</p>
<p>Attract and Retain Skilled Labour</p> <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>Pool available Country Week 2008 Ongoing Forum held June 2008 Forum held June 2008 Draft Aboriginal Employment Strategy Forum held June 2008</p>	<p>Ongoing Review / repeat Ongoing Ongoing Ongoing Draft Strategy adopted/implemented Ongoing</p>
<p>Attract Investment and Financing</p> <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>Established taskforce Website provided Regional Investment Tour April 2008 Ongoing</p>	<p>Encourage local developer interest Ongoing hosting of website & developer visits Ongoing</p>

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Major Projects

A strong global commodity market coupled with significant mining resources and development opportunities has continued to drive the undertaking of major resource projects within the Far West Region. Current development activity in the resources sector ranges from initial feasibility studies to mines extracting their first ore.

Mines currently under construction in the Far West Region include Perilya's **Potosi Mine** which recently extracted its first parcel of ore in the September Quarter 2007 and CBH's **Rasp Mine** with stage 1 expected to be completed by April 2008. Uranium One's **Honeymoon Mine** was granted approval in January 2008 with the first production of uranium expected by the end of 2008.

Projects presently awaiting government approval before expecting to commence construction in 2008 include Exco's **White Dam Mine**, Havilah's **Portia** and **Oban Mines**. Bemax is also currently undertaking a study to gain approval for further expanding the capacity of its **Snapper Mine**, which is expected to be operational by mid 2009.

Several mining companies are currently undertaking feasibility studies to determine the profitability of ore reserves and future operations following positive drilling results. Projects currently in this process include Perilya's **North Mine Deeps Mine** and Havilah's **Kalkaroo** and **Mutooroo Mines**.

Mining companies are also planning to develop plants in Broken Hill to process the extracted ore. Design of **CBH's Processing Plant** is complete with construction awaiting Government approval. An engineering study of **Bemax's Mineral Separation Plant** expansion is currently been undertaken with construction expected to be completed by mid 2009.

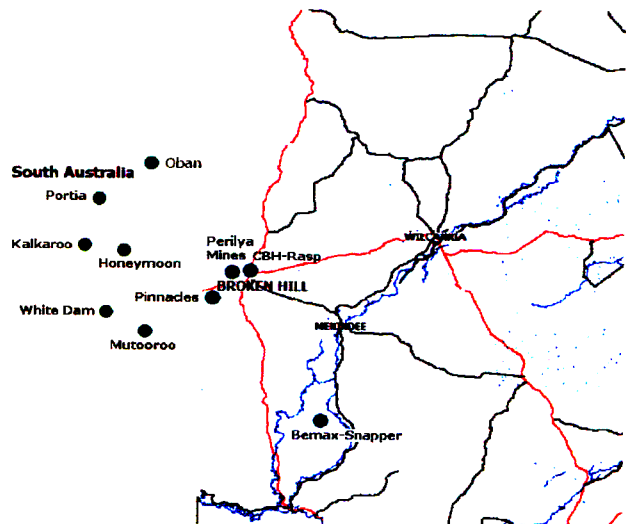
The table below provides a summary of the major projects planned for the Far West Region with the map (opposite) indicating the location of the mining developments.

Growth Indicators

The economic indicators outlined in the table below demonstrate the strengthening of the Far West Region's economy. Investment in the region was strong with the value of both residential and non-residential building approvals recording considerable growth during 2006-07.

Demand for housing increased significantly in the region with houses selling for an average of \$115,000 in the September Quarter 2007, annual growth of almost 50%. The region's population fell by 0.8% to 22,903 in 2006, however unemployment continued to fall to 8.1% in the September Quarter 2007.

Indicator	Period	Level	Ann % Chg
Population	2006	22,903	-0.8%
Unemployment Rate	Sep Q 07	8.1%	-0.2%
Residential Approvals	2006-07	\$4.8m	107.6%
Commercial Approvals	2006-07	\$6.5m	71.6%
Median House Price	Sep Q 07	\$115,000	49.4%
Broken Hill Airport RPT	2006-07	48,405	10.9%



Company	Project	Construction Phase			Operation Phase					
		Year Start	Total \$m	Region \$m	Jobs	Year Start	Life Years	Total \$m	Region \$m	Jobs
Perilya	Potosi	2007	\$15	\$10	34	2008	10	\$24	\$11 ^(a)	40
Perilya	North Mine Deeps	2010	\$125	\$44	125	2011	8	\$86	\$51 ^(a)	140
CBH	Rasp Mine	2007	\$50	\$10	30	2008	12	\$23	\$14	110
CBH	Processing Plant	2009	\$70	\$14	65	2010	10	\$39	\$23	45
Bemax	Snapper	2008	\$105	\$32	150	2009	15	\$40	\$24	82
Bemax	Mineral Separation	2008	\$50	\$14	100	2009	15	\$30	\$18	36
Havilah	Portia	2008	\$20	\$18	40	2009	5	\$20	\$12 ^(a)	60
Havilah	Kalkaroo	2009	\$200	\$180	400	2011	15	\$200	\$120 ^(a)	200
Havilah	Mutooroo	2009	\$100	\$90	150	2010	11	\$150	\$90 ^(a)	140
Havilah	Oban	2008	\$10	\$9	30	2009	5	\$20	\$12 ^(a)	60
Exco Resources	White Dam	2008	\$12	\$5	100	2008	3	\$22	\$13	50
Uranium One	Honeymoon	2008	\$55	\$19	60	2008	7	\$20	\$12	53
Leasecorp Projects	Shopping Centre	2008	\$18 ^(a)	\$12 ^(a)	83	2009	40+	\$20 ^(a)	\$7 ^(a)	121
Macdonald Group	Retirement Village	2008	\$5	\$4	10 ^(a)	2009	40+	\$1	\$0	5
MBS	Golf Club Redevelopment	2010	\$122	\$73	209 ^(a)	2011	40+	\$22	\$16	220

Economic Impacts

The development of the current and planned major projects in the Far West Region will have a significant positive impact on the region's economy represented by growth in population, employment, consumption, investment and output. The economic impacts can be broken down into direct impacts from investment in the projects and indirect impacts representing flow on expenditure in supplying industries.

The economic impacts to the Far West Region are projected to total an additional \$142m in value added (GRP) in 2011 based on a medium scenario (see Figure 1). \$76 million is expected to come from direct impacts and \$66 million from flow-on impacts. To place this into perspective, the medium development scenario would increase GRP by up to 11.8% (in 2011) compared with the 2005-06 estimate of \$1,195m.

Employment in the Far West Region is projected to increase by up to 1,460 Full Time Equivalent (FTE) positions in 2008 based on the medium scenario. The employment breakdown includes 700 direct jobs and 760 flow-on jobs with the total representing growth of 13.3% from 2007 (see Figure 2). Employment impacts are expected to be highest during the construction phases of the major projects before smoothing out.

The expected employment impacts would result in growth across a range of industry sectors in the Far West Region (see Figure 3). The mining sector is expected to average almost half of employment growth over the next 10 years (514 jobs) due to the opening of new mining operations. Other industry sectors expected to experience employment growth include retail trade (145 jobs or 13%), finance, business and communications services (128 jobs or 11%) and construction (98 jobs or 9%).

Regional Planning Challenges

The population and economic growth projected for the Far West Region will create both opportunities and planning challenges.

The level of future population growth is largely dependant on the workforce arrangements of the mining operations. To achieve maximum growth, the region will need to expand the provision of infrastructure with a focus on residential development to avoid future housing shortages. Other key planning challenges include the expansion of education and training facilities, water management to guarantee future supply and land release to facilitate future residential, commercial and industrial development.

Labour and business attraction also represents a vital component of maximising growth potential. The ODF, in partnership with local businesses and planning agencies, is playing an important role in alleviating the skills shortage, promoting the development of local businesses and attracting new investment.

Figure 1: Projected Additional GRP (\$m)

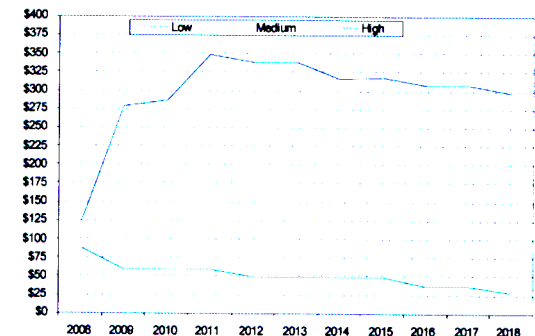


Figure 2: Projected Additional Employment (FTE)

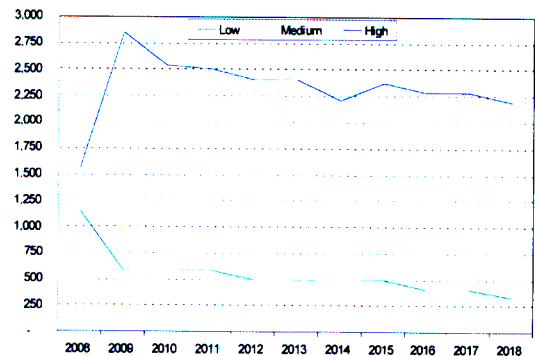
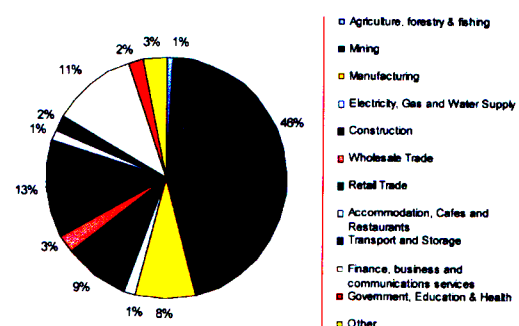


Figure 3: % of Additional Employment by Industry (Projected Average 2008-2018)



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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

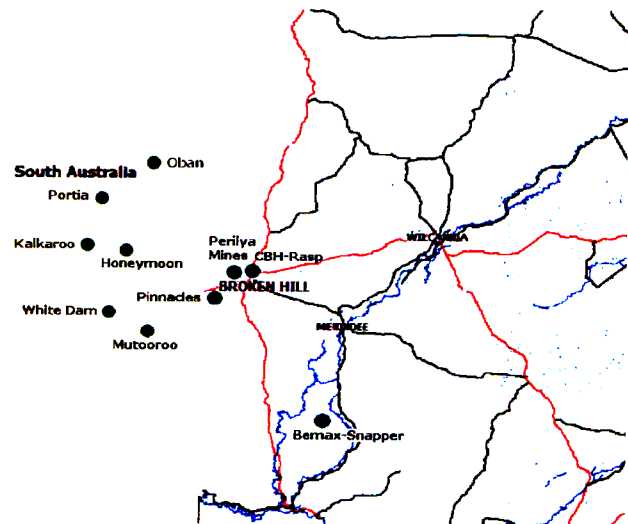


Table 1: Planned Major Projects Included in Economic Impact Modelling

Company	Project	Probability	Construction Phase				Operation Phase				
			Year Start	Total \$m	Region \$m	Jobs	Year Start	Life Years	Total \$m	Region \$m	Jobs
Bemax	Snapper	High	2009	\$105	\$32	150	2010	15	\$40	\$24	125
Exco Resources	White Dam	High	2009	\$14	\$3	100	2010	3	\$20	\$2	29
Uranium One	Honeymoon	High	2009	\$138	\$48	120	2010	7	\$25	\$15	60
Broken Hill Operations	Rasp Mine	Medium	2011	\$145	\$44	150	2012	13	\$57	\$34	160
Carpentaria Exploration	Hawsons Iron Project	Low	2013	\$2,000	\$400	1,000	2014	50	\$600 ^(a)	\$360 ^(a)	800
Leasecorp Projects	Broken Hill Plaza	Medium	2011	\$18 ^(a)	\$12 ^(a)	85	2012	40+	\$25 ^(a)	\$8 ^(a)	290
Broken Hill Council	Aquatic Centre Expansion	High	2010	\$5	\$5	100 ^(a)	2011	40+	\$3 ^(a)	\$3 ^(a)	30 ^(a)
Broken Hill Council	Film Studio	High	2010	\$2	\$2	6	2010	10	\$15	\$15	19

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%).

Figure 1: Projected Additional GRP (\$m)

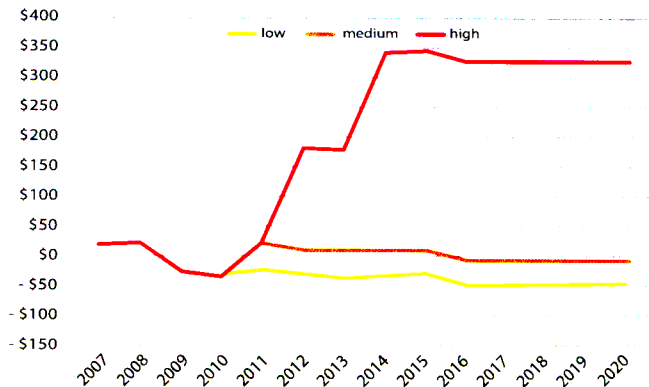


Figure 2: Projected Additional Employment (FTE)

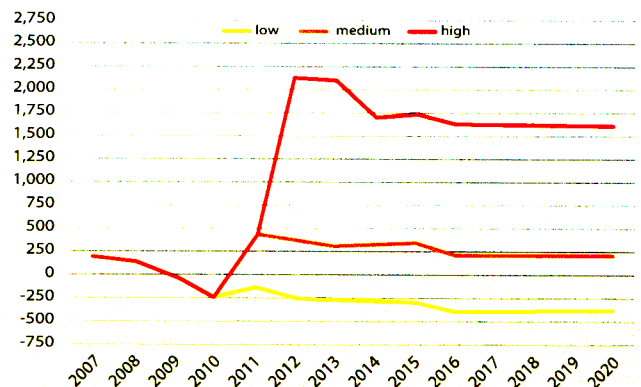
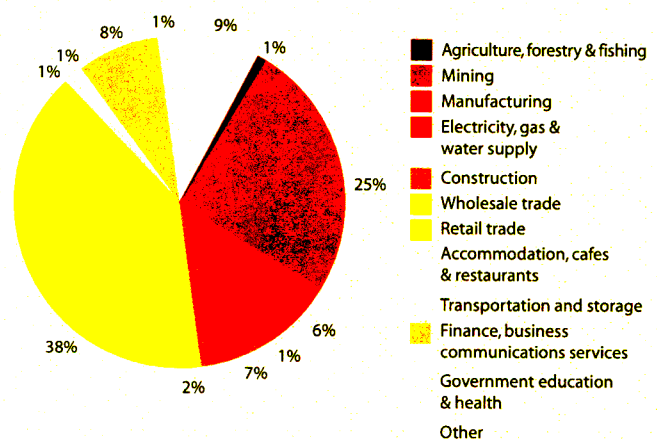


Figure 3: % of Additional Employment by Industry (Projected Average 2010-2020) – Medium Scenario



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Major Projects

The global economic slowdown has had a significant impact on the Australian economy with the mining sector having been particularly hard hit. Weakened global demand coupled with a significant decline in base metal prices has resulted in several mining companies in the Far West Region restructuring operations to reduce costs.

During 2008 several mining companies in the Far West Region announced downsizing of operations due to economic conditions and a reduction in base metal prices. This included Perilya resizing their **Southern Operations** and placing the **North** and **Potosi Mines** into care and maintenance. CBH Resources has placed the development of the **Rasp Mine** on care and maintenance with planning for the **Processing Plant** also placed on hold. Indications are that Bemax's operations and employment have remained relatively unchanged with the **Snapper Mine** due to start operation in 2010. Since the last update there has been significant investment movement in the ownership of Perilya and Bemax.

There are several projects in the planning stage with potential commencement during the next 4 years. Uranium One's **Honeymoon Mine** has received approval from the SA Government with construction expected to begin in 2009. Projects awaiting government approval include Havilah's **Oban Mine**, waiting for approval for a field leach trial.

Several mining companies are currently undertaking feasibility studies to determine the profitability of ore reserves and future operations following positive drilling results. Havilah's **Kalkaroo** and **Mutooroo Mines** are both well advanced in the feasibility process with a feasibility study underway for Pinnacle's **Edwards Pit Expansion**. Havilah's **Portia Mine** is currently undergoing a pre-feasibility trial mining operation.

The **Silverton Wind Farm** is the biggest project currently planned for the Far West Region. An environmental assessment has been completed for the project with the NSW Department of Planning recently consenting to the application.

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 (right) 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 projects included in previous editions of the study that have been removed due to lack of available data include Exco's **White Dam Mine** and Bemax's **Mineral Separation Plant** expansion. Perilya's **Potosi Mine** and **North Mine Deeps** and CBH Resource's **Rasp Mine** and **Processing Plant** have also been omitted as they have been placed in care and maintenance indefinitely until global metal prices increase sufficiently to make operations financially feasible.

Several other construction projects planned for Broken Hill have also been removed from the economic impact modelling due to a lack of progress at the time of the update. These projects include Leasacorp's **Shopping Centre**, Macdonald Group's **Retirement Village** and MBS's **Golf Club Redevelopment**.

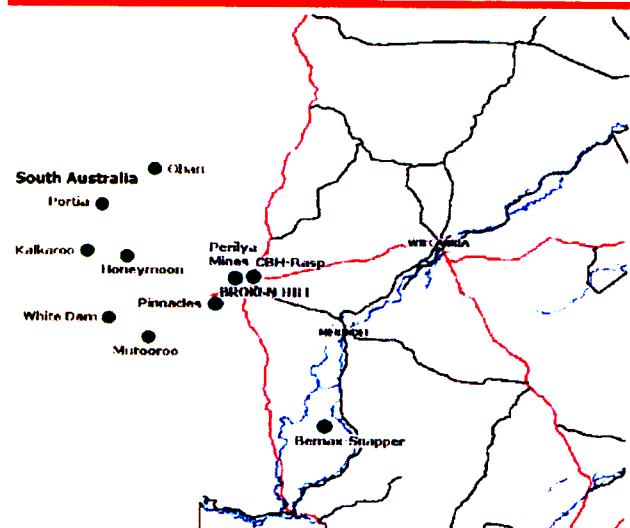


Table 1: Planned Major Projects Included in Economic Impact Modelling

Company	Project	Probability	Construction Phase				Operation Phase				
			Year Start	Total \$m	Region \$m	Jobs	Year Start	Life Years	Total \$m	Region \$m	Jobs
Havilah	Portia	Medium	2009	\$20	\$18	40	2009	2	\$20	\$12 ^(a)	60
Havilah	Kalkaroo	Low	2010	\$220	\$198	200	2011	15	\$200	\$120 ^(a)	200
Havilah	Mutooroo	Low	2010	\$100	\$90	100	2011	12	\$150	\$90 ^(a)	60
Havilah	Oban	Low	2009	\$7	\$6	20	2010	5	\$20	\$12 ^(a)	60
Uranium One	Honeymoon	High	2009	\$118	\$41	120	2010	7	\$25	\$15	65
Pinnacle Mines	Edwards Pit - Small	Medium	2010	\$15	\$10	5	2011	15	\$18	\$11 ^(a)	50
Pinnacle Mines	Edwards Pit - Large	Low	2012	\$200	\$130	20	2013	15	\$100	\$60 ^(a)	400
Bemax	Snapper	High	2008	\$105	\$32	10	2010	15	\$40	\$24	150
Silverton Wind Farm	Silverton Wind Farm	Medium	2010	\$2,500	\$625	700 ^(b)	2011	25	\$20	\$15	120 ^(c)

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 6.8% in the December Quarter 2008, which was a decline during the last 12 months. Unemployment associated with the restructuring of mining operations in late 2008 is not believed to be captured in these figures.

Demand for housing recorded strong growth with the median selling price for houses of \$150,000 in the December Quarter 2008. Investment in the region has remained strong with the value of both new residential and non-residential building approvals recording considerable growth during 2007-08.

The Broken Hill Airport has continued to experience strong growth in passenger numbers due to the increase in services and airline capacity. Almost 60,000 passengers passed through the airport in 2007-08, an increase of 23.0% from the previous year.

Indicator	Period	Level	Ann % Chg
Population	2008	22,737	-0.7%
Unemployment Rate	Dec Q 2008	6.8%	-0.7%
New Residential Approvals	2007-08	\$9.2M	91.7%
Commercial Approvals	2007-08	\$9.3M	43.1%
Median House Price	Dec Q 2008	\$150,000	16.7%
Overnight Visitors	YE Mar 2009	479,000 ^(a)	15.4%
Broken Hill Airport RPT	2007-08	59,561	23.0%

Note: All data is valid as of 31st March 2009. (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 represents a key component 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 March 2009 there were 465,000 domestic visitors that stayed overnight in Outback NSW, up by 15.4% from the previous year. This exceeded the national growth trend which saw domestic overnight trips increase by 9.0%. International visitors represent a small proportion of overnight visitation with 14,000 visitors in the YE March 2009.

The value of the tourism sector was estimated to be \$256M to the Outback NSW economy in the YE March 2009, an increase of 39.1% from the previous year. Broken Hill has recently been short listed for the National Heritage List, the only city in Australia to be nominated. Inclusion on the list would provide an opportunity to further promote and grow the tourism sector in 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 new \$4.5M Broken Hill Regional Aquatic Centre was completed and opened in late 2008. The facility, which includes a new 50m pool, is comparable to those in regional centres.
- Compass Housing Services took over management of public and community housing in Broken Hill during 2008. They are in the process of upgrading all properties in Broken Hill with funding from the NSW Government.
- Construction is near complete on the Broken Hill Regional Events Centre Pavilion at the Broken Hill Racecourse with additional funding being sourced to complete the project.
- The Commonwealth Government has signed off on \$659,000 of funding for Broken Hill City Council to build a stormwater detention basin, which will help contain water overflow during rain storm events in Broken Hill.
- The NSW Government is extending funding for its bridge replacement program on rural roads with funding to replace the Bonley Bridge on the Wilcannia to Menindee Road.

Skills & Training

The Far West Region continues to experience skill shortages in certain sectors in line with the experiences throughout regional Australia. New initiatives and strategies are in place to help alleviate these shortages.

The Broken Hill High School has been awarded nearly \$6M to build a trade training centre that will also benefit other schools in the region including Willyama High School and the Central Schools in Menindee, Wilcannia and Ivanhoe. The investment will go towards new facilities to provide opportunities for trades training and the development of real skills for real jobs.

The restructuring of mining operations by mining companies has resulted in several hundred people being laid off. This has had an impact on apprentices with some being laid off during their program. Broken Hill TAFE has come to an agreement with Perilya to allow apprentices to fast track their studies.

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 has declined significantly as a result of existing mining companies resizing operations in late 2008. This is expected to result in employment falling below 2006 levels until new projects commence.

The economic impacts for the Far West Region are projected to total an additional \$78M in value added (GRP) in 2010 based on a medium scenario, primarily due to expected commencement of the Silverton Wind Farm (see **Figure 1**). To place this into perspective, the medium development scenario would increase GRP by up to 6.5% (in 2010) compared with the 2005-06 GRP estimate of \$1,195M.

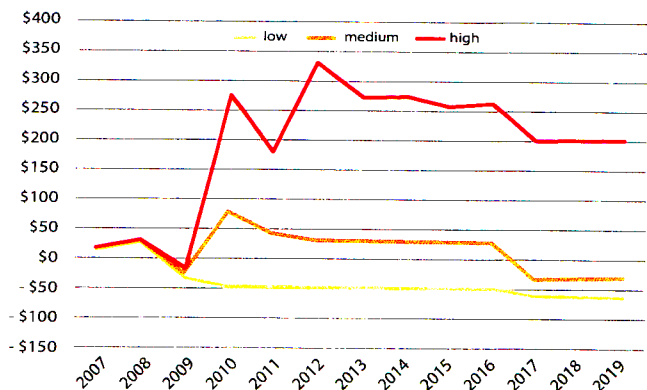
Employment in the Far West Region is projected to increase by up to 1,272 Full Time Equivalent (FTE) positions in 2010 based on the medium scenario. The employment breakdown includes 595 direct jobs and 677 flow-on jobs with the total representing growth of 12.7% from 2006 (see **Figure 2**). Employment impacts are expected to peak during the start of construction of the Silverton Wind Farm before levelling out.

Table 3 below provides an overview of projected changes in employment by industry from the base in 2007. Employment in the mining sector is expected to partially recover in the medium term as new projects commence though not to the 2007 level unless recently 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 property & business services sectors.

Table 3: Projected Additional FTE Employment (Medium Scenario)

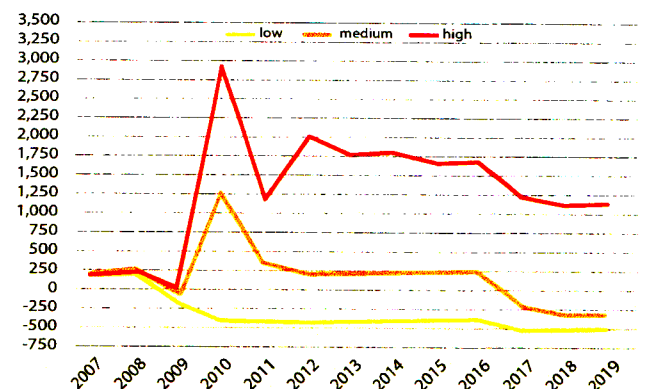
Sector	ABS Census	Report	Additional Employment			Avg. Annual %
	2006	Base Year	2009	2014	2019	2007 to 2014
Agriculture, Forestry & Fishing	716	719	4	8	-5	0.15%
Mining	645	646	-423	-198	-229	-4.48%
Manufacturing	388	408	-4	34	-43	1.00%
Electricity, Gas and Water Supply	199	200	-9	-3	-6	-0.18%
Construction	494	581	156	29	-91	0.60%
Wholesale Trade	343	349	-4	8	-13	0.28%
Retail Trade	1,706	1,722	26	44	-22	0.32%
Accommodation, Cafes and Restaurants	640	645	6	12	-7	0.23%
Transport and Storage	384	390	2	11	-11	0.35%
Communication Services	123	126	-2	4	-6	0.38%
Finance and Insurance	167	173	-6	8	-14	0.57%
Property and Business Services	625	647	12	45	-39	0.85%
Government Administration and Defence	629	630	2	3	-2	0.06%
Education	752	755	5	9	-4	0.15%
Health and Community Services	1,332	1,335	6	9	-4	0.08%
Cultural, Arts and Recreational Services	151	153	1	5	-4	0.42%
Personal and Other Services	500	504	7	11	-5	0.26%
Ownership of Dwellings	232	232	-16	-7	-4	-0.37%
Total	10,027	10,215	-239	32	-509	0.04%

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



Note: Change from 2006. Low, medium and high scenarios based on the assumed probability of major projects commencing.

Figure 2: Projected Change in Employment (FTE)



Note: Change from 2006. Low, medium and high scenarios based on the assumed probability of major projects commencing.

Strategy Update

Strategy/Action	12 Month Progress Report	Planned Actions for Next 12 Months
<p>Promote Knowledge Development & Dissemination</p> <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>Distribution of growth / investment study within and outside the region Ongoing</p> <p>Study Updates Completed</p> <p>Study Updates Completed</p> <p>Wide distribution of study within and outside the region</p>	<p>Ongoing distribution of Updates Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<p>Facilitate Industry and Community Engagement</p> <ol style="list-style-type: none"> 1. Inform, involve and collaborate with key stakeholders. 	<p>Ongoing through ODF and Growth & Skills Taskforce</p>	<p>Ongoing</p>
<p>Build Community Capacity</p> <ol style="list-style-type: none"> 1. Assess community capacity in terms of skills gaps. 2. Facilitate community workshops and seminars. 	<p>Forum held June 2008</p> <p>Forum held June 2008</p>	<p>More detailed analysis Ongoing</p>
<p>Support and Assist Existing Business</p> <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 ODF and Growth and Skills Taskforce</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<p>Attract and Encourage New Businesses</p> <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 ODF and Growth and Skills Taskforce</p> <p>Regional Investment Tour April 2008</p> <p>Ongoing</p>	<p>Update Profile</p> <p>Commence Review future tour Ongoing</p>
<p>Promote Economic Development and Diversification</p> <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 ODF and Growth and Skills Taskforce</p>	<p>Ongoing</p> <p>Ongoing</p> <p>ODF and new RDA</p>
<p>Facilitate Infrastructure Provision and Development</p> <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 development</p> <p>Ongoing through ODF and Growth and Skills Taskforce</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<p>Ensure Land Use Efficiency and Resource Protection</p> <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 underway</p> <p>LEP rezoning underway</p> <p>Completion by April 2010</p>
<p>Attract and Retain Skilled Labour</p> <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>Pool available</p> <p>Country Week 2008</p> <p>Ongoing</p> <p>Forum held June 2008</p> <p>Forum held June 2008</p> <p>Draft Aboriginal Employment Strategy</p> <p>Forum held June 2008</p>	<p>Ongoing</p> <p>Review / repeat</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Draft Strategy adopted/implemented</p> <p>Ongoing</p>
<p>Attract Investment and Financing</p> <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>Established taskforce</p> <p>Website provided</p> <p>Regional Investment Tour April 2008</p> <p>Ongoing</p>	<p>Encourage local developer interest</p> <p>Ongoing hosting of website & developer visits</p> <p>Ongoing</p>

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Major Projects

A strong global commodity market coupled with significant mining resources and development opportunities has continued to drive the undertaking of major resource projects within the Far West Region. Current development activity in the resources sector ranges from initial feasibility studies to mines extracting their first ore.

Mines currently under construction in the Far West Region include Perilya's **Potosi Mine** which recently extracted its first parcel of ore in the September Quarter 2007 and CBH's **Rasp Mine** with stage 1 expected to be completed by April 2008. Uranium One's **Honeymoon Mine** was granted approval in January 2008 with the first production of uranium expected by the end of 2008.

Projects presently awaiting government approval before expecting to commence construction in 2008 include Exco's **White Dam Mine**, Havilah's **Portia** and **Oban Mines**. Bemax is also currently undertaking a study to gain approval for further expanding the capacity of its **Snapper Mine**, which is expected to be operational by mid 2009.

Several mining companies are currently undertaking feasibility studies to determine the profitability of ore reserves and future operations following positive drilling results. Projects currently in this process include Perilya's **North Mine Deeps Mine** and Havilah's **Kalkaroo** and **Mutooroo Mines**.

Mining companies are also planning to develop plants in Broken Hill to process the extracted ore. Design of **CBH's Processing Plant** is complete with construction awaiting Government approval. An engineering study of **Bemax's Mineral Separation Plant** expansion is currently been undertaken with construction expected to be completed by mid 2009.

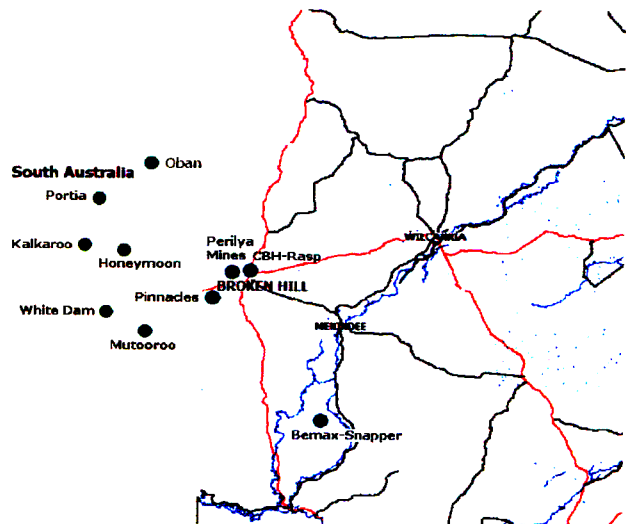
The table below provides a summary of the major projects planned for the Far West Region with the map (opposite) indicating the location of the mining developments.

Growth Indicators

The economic indicators outlined in the table below demonstrate the strengthening of the Far West Region's economy. Investment in the region was strong with the value of both residential and non-residential building approvals recording considerable growth during 2006-07.

Demand for housing increased significantly in the region with houses selling for an average of \$115,000 in the September Quarter 2007, annual growth of almost 50%. The region's population fell by 0.8% to 22,903 in 2006, however unemployment continued to fall to 8.1% in the September Quarter 2007.

Indicator	Period	Level	Ann % Chg
Population	2006	22,903	-0.8%
Unemployment Rate	Sep Q 07	8.1%	-0.2%
Residential Approvals	2006-07	\$4.8m	107.6%
Commercial Approvals	2006-07	\$6.5m	71.6%
Median House Price	Sep Q 07	\$115,000	49.4%
Broken Hill Airport RPT	2006-07	48,405	10.9%



Company	Project	Construction Phase			Operation Phase					
		Year Start	Total \$m	Region \$m	Jobs	Year Start	Life Years	Total \$m	Region \$m	Jobs
Perilya	Potosi	2007	\$15	\$10	34	2008	10	\$24	\$11 ^(a)	40
Perilya	North Mine Deeps	2010	\$125	\$44	125	2011	8	\$86	\$51 ^(a)	140
CBH	Rasp Mine	2007	\$50	\$10	30	2008	12	\$23	\$14	110
CBH	Processing Plant	2009	\$70	\$14	65	2010	10	\$39	\$23	45
Bemax	Snapper	2008	\$105	\$32	150	2009	15	\$40	\$24	82
Bemax	Mineral Separation	2008	\$50	\$14	100	2009	15	\$30	\$18	36
Havilah	Portia	2008	\$20	\$18	40	2009	5	\$20	\$12 ^(a)	60
Havilah	Kalkaroo	2009	\$200	\$180	400	2011	15	\$200	\$120 ^(a)	200
Havilah	Mutooroo	2009	\$100	\$90	150	2010	11	\$150	\$90 ^(a)	140
Havilah	Oban	2008	\$10	\$9	30	2009	5	\$20	\$12 ^(a)	60
Exco Resources	White Dam	2008	\$12	\$5	100	2008	3	\$22	\$13	50
Uranium One	Honeymoon	2008	\$55	\$19	60	2008	7	\$20	\$12	53
Leasecorp Projects	Shopping Centre	2008	\$18 ^(a)	\$12 ^(a)	83	2009	40+	\$20 ^(a)	\$7 ^(a)	121
Macdonald Group	Retirement Village	2008	\$5	\$4	10 ^(a)	2009	40+	\$1	\$0	5
MBS	Golf Club Redevelopment	2010	\$122	\$73	209 ^(a)	2011	40+	\$22	\$16	220

Economic Impacts

The development of the current and planned major projects in the Far West Region will have a significant positive impact on the region's economy represented by growth in population, employment, consumption, investment and output. The economic impacts can be broken down into direct impacts from investment in the projects and indirect impacts representing flow on expenditure in supplying industries.

The economic impacts to the Far West Region are projected to total an additional \$142m in value added (GRP) in 2011 based on a medium scenario (see Figure 1). \$76 million is expected to come from direct impacts and \$66 million from flow-on impacts. To place this into perspective, the medium development scenario would increase GRP by up to 11.8% (in 2011) compared with the 2005-06 estimate of \$1,195m.

Employment in the Far West Region is projected to increase by up to 1,460 Full Time Equivalent (FTE) positions in 2008 based on the medium scenario. The employment breakdown includes 700 direct jobs and 760 flow-on jobs with the total representing growth of 13.3% from 2007 (see Figure 2). Employment impacts are expected to be highest during the construction phases of the major projects before smoothing out.

The expected employment impacts would result in growth across a range of industry sectors in the Far West Region (see Figure 3). The mining sector is expected to average almost half of employment growth over the next 10 years (514 jobs) due to the opening of new mining operations. Other industry sectors expected to experience employment growth include retail trade (145 jobs or 13%), finance, business and communications services (128 jobs or 11%) and construction (98 jobs or 9%).

Regional Planning Challenges

The population and economic growth projected for the Far West Region will create both opportunities and planning challenges.

The level of future population growth is largely dependant on the workforce arrangements of the mining operations. To achieve maximum growth, the region will need to expand the provision of infrastructure with a focus on residential development to avoid future housing shortages. Other key planning challenges include the expansion of education and training facilities, water management to guarantee future supply and land release to facilitate future residential, commercial and industrial development.

Labour and business attraction also represents a vital component of maximising growth potential. The ODF, in partnership with local businesses and planning agencies, is playing an important role in alleviating the skills shortage, promoting the development of local businesses and attracting new investment.

Figure 1: Projected Additional GRP (\$m)

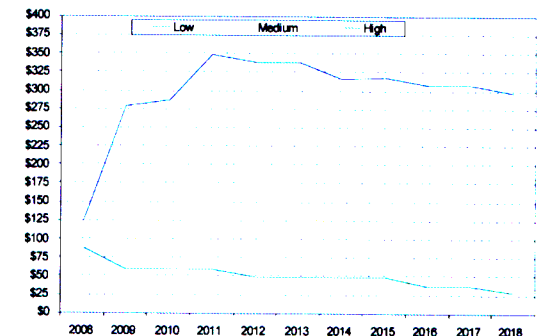


Figure 2: Projected Additional Employment (FTE)

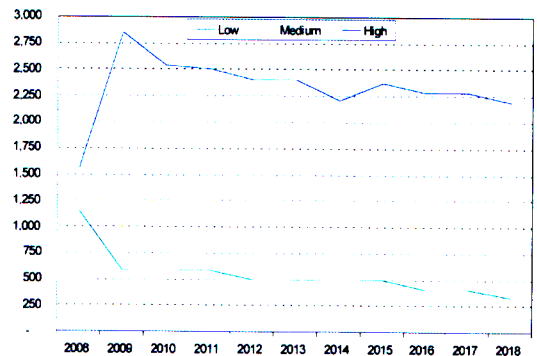
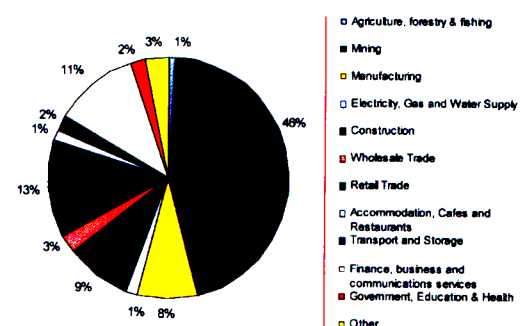


Figure 3: % of Additional Employment by Industry (Projected Average 2008-2018)



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