



FAR WEST REGIONAL ECONOMIC UPDATE JUNE 2015

National Economy Overview

Over 2014, the Australian economy grew 2.5 per cent – less than expected – due largely to falling commodity prices and lower foreign demand for our natural resources. Lower foreign demand has partly reflected slowing economic growth in China, which has fallen from 9.3 per cent in 2011 to 7.4 per cent in 2014 – and is expected to continue falling.

In the short term, Australia’s economic growth is expected to continue falling partly due to lower growth in Australia’s major trading partners (like China). The Australian and Chinese economies are currently forecast to grow by 2.4 per cent and 7.1 per cent, respectively, over 2015. However, over the medium term, Australia’s economic growth is expected to rise partly due to the boost to international competitiveness provided by a low Australian dollar (A\$). Over 2016, Australia’s economy is expected to grow by 3.2 per cent.

Bankruptcies increased 9.3% in the June quarter 2015 compared to the June quarter 2014. This is the first rise since the March quarter 2014 compared to the March quarter 2013.

Queensland and Western Australia accounted for most of the national rise in bankruptcies in the June quarter 2015 compared to the June quarter 2014.

Interest Rates

Economic growth remains slow as the economy continues to re-balance its growth from mining to non-mining.

- Cash rate has recently been cut to a record low of 2 per cent, with 50-50 chance of another 0.25 per cent cut by December 2015 – good for borrowers and housing markets.
- The Australian dollar has fallen 10 per cent, which is making our exports more price-competitive and will assist in the economy’s re-balancing.
- Over 2015, unemployment is expected to continue rising and economic growth is expected to remain subdued.

The Local Housing Market

	Sales over the past 12 months	
	30 June 2014 – 30 September 2014	111
	01 October 2014 – 30 December 2014	100
	01 January 2015 – 30 March 2015	97
	01 April 2015 – 30 June 2015	45

Median property price						Median gross yield
Buy \$121,250 1432 nd in NSW			Rent \$230 PW 1184 th in NSW			10.1% 11TH in NSW
2BR \$90,000	3BR \$140,000	4BR \$175,000	2BR \$200 PW	3BR \$235 PW	4 BR \$ 310 PW	



**Development
Approvals in Central
Darling Shire**

Approvals in Central Darling Shire have increased by \$323,173 in 2014/15 over the 2013/14 period

A\$1 = \$0.74 US Dollars

13 July 2015



**Development Approvals
in Broken Hill over the
April – June quarter**

**30 approvals with a value
of \$2,716,370.00**

**Visitors at the BH Visitor
Information Centre**

95,598

**Down 4.54% on this time
last year**

**NSW Train link logged
1891 passengers arriving
in the quarter.**

**Up 563 on the previous
quarter**

**REX Airlines carried 14,341
passengers in and out of
Broken Hill during the
quarter.**

**Up 1557 on the previous
quarter**

Health Care and Social Assistance remains our largest employment sector

Total employed	Employed full time	Employed part time	Employed Male	Employed Female	Employed aged 15-44	Employed 45 and over
1200	692	408	256	941	529	668

Unemployment Rates

In the Far West – 01 April 2015 – 30 June 2015

- There were 1441 Job Seekers (aged 15 +)
- The Average job seekers age was 36 years
- Working age population (15-64) 13,783

How does the Far West Compare with other regions in NSW?

Unemployment	March 2014	June 2014	Sep 2014	Dec 2014	March 2015
Far West	7.6 %	9.1 %	7.7 %	7.4 %	8.3 %
Hunter	5.7 %	6.5 %	7.6 %	8.6 %	10 %
Murray Darling	8.1 %	9.6 %	10.3 %	11.3 %	12.4 %
North Coast NSW	7.5 %	7.0 %	7.1 %	7.9 %	8.6 %
New England	6.4 %	7.2 %	7.8 %	7.9 %	9.0 %
Orana	5.1 %	5.9 %	4.9 %	4.6 %	5.1 %

Source: Department of Employment

Major Projects

Cristal Mining - Crayfish Development

Planning Assessment Commission approval of the Crayfish development was received on the 20th March 2015. This is significant and while not yet approved by Cristal for development; it looks relatively positive from recent financial modelling. The development, if executed; would extend the Ginkgo Mine life by 2 to 3 years and produce an estimated 369,000 tonnes of extra HMC.

The Crayfish deposit is located approximately 10 kms south of the current Ginkgo mining operation on land owned by Cristal. A number of mining options for Crayfish have been considered with the most likely being trucking ore from the Crayfish deposit directly to the stripped ore ahead of the Ginkgo dredge. This option minimises both the capital spend and the disturbance area.

A final decision on its development is pending detailed analysis of the financials and of the risks, particularly those around anticipated market prices and the forecasted exchange rates.

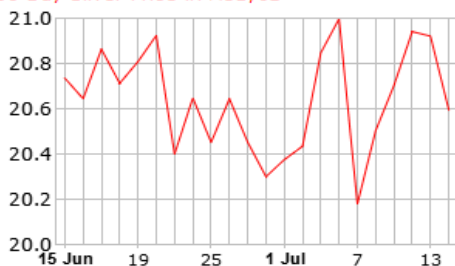
Hawson's Iron Ore Mine (a Carpentaria and Pure Metals joint venture)

Is currently at Bankable Feasibility Study stage with work continuing on the Environmental Impact Study and infrastructure components of the project. The project has recently completed studies confirming the power line is sufficient for the project needs and the port at Port Pirie and the rail has available capacity for export.

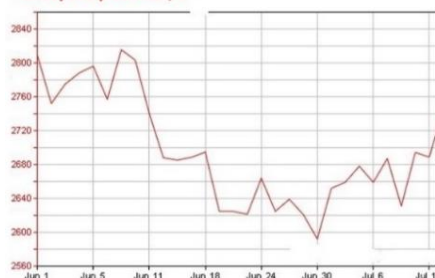
Significantly it has received metallurgical results which demonstrates the project can produce the highest grade iron ore concentrate that enables it to focus on the highest value markets. These markets attract a significant premium to the base iron ore price setting the project apart from its rivals and maintaining viability at historically low iron ore prices.

The company is now engaging with potential offtake partners to develop these markets. The joint venture is also seeking additional funding to complete additional drilling and pilot plant test work necessary for the development of the project, which is likely to take three years from the commencement of this work. The joint venture has already invested \$21m to date on the project of which approximately one third has been spent in the far west region. Anticipated employment requirements during construction and operation will be approximately 1000 and 600 respectively with as many employees as possible being sourced from Broken Hill.

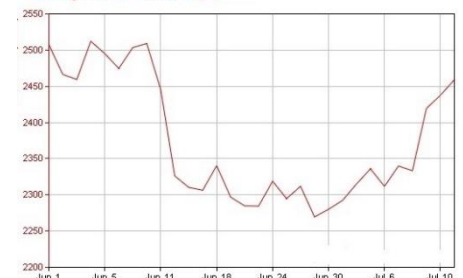
30 Day Silver Price in AUD/oz



40 Day Zinc price AUD / t



40 Day Lead Price AUD / t



Upcoming Projects for the Region

Civic Centre - Broken Hill City Council

Project Valued at \$5,063,100

Supporting the strategies to double the visitor economy by 2020 through activating the Civic Centre into a modern day hub for Meetings, Incentives, Conferences, and events activity. Predominantly to build on existing conference and events program and capitalise on transforming existing infrastructure into a hub that can cater for modern needs and expectations. Whilst the project identifies numerous benefits, such as social, economic etc, a quantifiable figure for increase in employment has not been established.

Airport Upgrade - Broken Hill City Council

Council has been shortlisted for a funding grant of approximately \$7M.

The quantifiable economic benefits identified for the Broken Hill Airport Development options include:

- Enhanced airport capacity to support additional traffic growth and user charge revenues;
- Development of the local tourism industry that will generate additional tourist expenditures for the region;
- Flow-on benefit of tourism to the output and employment in other sectors of the local economy; and
- Residual values for the upgrade works at the end of the evaluation period.

The scope of this project may change slightly due to revised criteria for funding. Council will submit this by 31 August 2015.

Line of Light - Broken Hill City Council

This is in accordance with the recently adopted CBD Renewal Plan. Overall, the plan establishes a course of action that is central to maximising opportunity out of the National Heritage Listing for Broken Hill and to achieving economic diversification towards end-of-mine life. Its economic focus to position Broken Hill as a place to live, visit and invest will be critical in developing business case scenarios suitable for attracting government grants. A conceptual estimate for this individual project is approximately \$13M.

Upcoming Grant Opportunities

RDA Far West have compiled a list of grants that may help you identify grant opportunities, this is not an exhaustive list but is intended to providing a starting point.



www.rdafarwestnsw.org.au/grants

www.farwestnswbusinessawards.com.au

<http://brokenhillproud.com.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 Regional Development Australia Far West on (08) 8087 8383