



O'Connor House
Unit 3, 58 Egan Street, Kalgoorlie WA 6430
PO Box 10259, Kalgoorlie WA 6433
Telephone: (08) 9021 2466
Facsimile: (08) 9021 1402
Email: chamber@kalgoorliecci.asn.au
Web: www.kalgoorliecci.asn.au
ABN 71 074 547 969

30 October 2017

Select Committee on Regional Development and Decentralisation
Department of the House of Representatives
PO Box 6021
R1.110 Parliament House
CANBERRA ACT 2600

To whom it may concern

RE: INQUIRY INTO REGIONAL DEVELOPMENT AND DECENTRALISATION

Thank you for the opportunity to contribute to this hearing, it is most appreciated by our community.

The Kalgoorlie-Boulder Chamber of Commerce & Industry (KBCCI), is a member not for profit organisation representing 460 local businesses and support groups within the Eastern Goldfields region of Western Australia.

The KBCCI is also a member of the Regional Chambers of Commerce and Industry of Western Australia (RCCIWA) which is a member driven not for profit organisation that represents 41 regional chambers of commerce, business associations and business networks who collectively represent over 7,500 regional businesses. We are committed to raising the concerns and issues of all regional business communities in Western Australia and then working collaboratively with all stakeholders to achieve positive outcomes with an aim to deliver social, economic and community growth and development for all regional communities.

Labour shortages

The following is an excerpt from the KBCCI annual Goldfields Business Report hence underpins why this enquiry is so meaningful to the Goldfields business community:-

"The biggest issue for them, recruiting and retaining the people they need. Effectively, the region has a major skills shortage. The common comment "we don't want another boom" likely coincides with many not in a position to ramp up costs effectively should another happen. Unfortunately anti-social events during the course of the year have severely damaged Kalgoorlie-Boulder's reputation as a place to live and work. The result, attracting the people needed is a severe problem. Hopefully the Growing Kalgoorlie-Boulder Project, championed by the City of Kalgoorlie-Boulder, in collaboration with the business and wider community, will ultimately influence change that must happen to build a platform for growth."

Our region maintains a Global standard SME manufacturing & fabrication sector, with strong R&D programs. Business in the Goldfields not only support our mining region but other parts of the state of Western Australia.

We are a Multicultural community consisting of 50 countries of origin speaking 70 dialects. The below statement is again from the Goldfields Business Report:-

"Multicultural change in the workplace and community stood out for all the right reasons. The multicultural composition of this community is now a primary strength. The relatively new migrant population is very diverse and their skills cover the majority of primary industries. More of these valuable people are needed, however getting them has become difficult due to recent changes to government policy."

Labor shortages are not a new phenomenon to ours or other regions. Our community has evolved to become multicultural over the past 10 years due to the availability of 457 visas. We have found consistently East and West coast workers do not move to regional areas where they can build a future as so many have done and can move on.

Maybe there could be a Visa system for rescuing the regions in their time of need by directing people to where they are needed and appreciated.

FIFO and FBT

The need for FIFO in SME's has in many cases been found to be an inhibitor to productivity in the regions due to the extra cost and flexibility of workforce.

One factor that can that has been identified to assist a workforce to move to and reside in the regions is a change to how regional housing is treated under FBT legislation.

In ongoing discussions with many industry and community groups throughout WA the issue Housing is often raised as a critical factor in attracting and retaining staff to regional areas. We believe there is an inequity in the sections of the FBT act that creates a bias towards the provision of rental properties over ownership in remote areas. This is because the concession is available at 100% on rentals and not on Housing assistance, ie interest. This only increases the cost of rentals in Regional areas along with volatility in some instances.

Submission attached

Higher Education

The City of Kalgoorlie-Boulder has a world class university, the Western Australian School of Mines (WASM), which has accommodation to suit. WASM ranked in the top 5 in the world innovation projects.

The Campus housing incubators and innovation projects that are not often seen on a federal level but would benefit from support.

Should you require elaboration on any aspect of this correspondence, the KBCCI is committed to doing so.

Being committed to a free enterprise system, the KBCCI considers a solution driven, collaborative approach, committed to by strategic stakeholders could produce an acceptable outcome.

Regards

Ron Mosby

KALGOORLIE BOULDER CHAMBER OF COMMERCE & INDUSTRY



27th March 2017

Serge DeSilva-Ranasinghe
Director
Risk Intelligence Solutions
PO Box 6701
East Perth WA 6892

O'Connor House
Unit 3, 58 Egan Street, Kalgoorlie WA 6430
PO Box 10259, Kalgoorlie WA 6433
Telephone: (08) 9021 2466
Facsimile: (08) 9021 1402
Email: chamber@kalgoorliecci.asn.au
Web: www.kalgoorliecci.asn.au
ABN 71 074 547 969

Dear Serge

RE: RDA Commissioned Report – Future of Defence in WA

Thank you for the opportunity to contribute to the RDA Commissioned Report – Future of Defence in Western Australia. The responses to each of your prompts are in general terms but intended to reflect the Kalgoorlie-Boulder Chamber of Commerce & Industry Inc views on the intent of the RDA initiative. Kalgoorlie-Boulder and the wider Goldfields region has had a long association with the Australia's Defence Forces. It continues do so, hence the reason for supporting the RDA Report.

If appropriate I would appreciate the opportunity to discuss the Chambers submission when mutually convenient.

1. Does, or has, your organisation or region of WA had any connection with Defence? If so, please describe the nature of this engagement?

The Defence Reserves Support (DRS) is a long standing Member of KBCCI. Its common place for both organisations to host information sessions to engage with regional employers raising awareness of the role of the DRS and encouraging their support.

The City is a regular port for trainee pilots from RAAF Pearce base on navigation exercises. Good flying conditions, an airport capable with infrastructure with the capacity of taking all classes of aircraft and uncongested skies make the Goldfields suitable for these activities.

2. Can your specific geographical location in WA provide any benefit to either defence industry or future ADF basing and deployment in the State? If so, how?

The City of Kalgoorlie Boulder is strategically located for access to the Pilbara and Kimberly regions by an inland road system. In recent years government has invested heavily in flood proofing the location known as Lake Raeside to remove risk linked to cyclonic activity. With the completion of the strategic Wiluna Meekatharra road, which is now funded and construction due to commence in the 2018 financial year, this route will become fully operational as an all-weather sealed road. Access to northern WA could be improved further by truncating the road from about the mid-point between Meekatharra and Wiluna NNW to the bend in the Gt Northern Highway at Mt Leake cutting off a further 140 km. This route on completion, with or without the shorter option has strategic significance. It provides additional inland transport and logistical complimentary to Australia's defence capability

Kalgoorlie-Boulder's geographic location provides the opportunity to directly connect with Australia's east coast, south to Esperance Western Australia's most southern deep water port, north to the Pilbara by road with standard gauge rail to Leonora/ Malcom and west to Perth.

Comprehensive transport, energy and communications infrastructure is all in place.

3. What industrial/commercial capabilities does your organisation or region of WA possess that may potentially value-add to the ADF and the national defence supply chain?

Kalgoorlie Boulder has an extensive range of light and heavy engineering firms equipped with the latest state of the art technology. Highly specialised expertise developed for the mining industry can be applied to defence industry component manufacture. This

progressive industry has strong R&D programs in place driven by the constant demands of an innovative industry base that must remain globally competitive to remain economically viable. Many of these firms have developed a worldwide reputation for their expertise and inventive approach to problem solving in the mining industry.

The City hosts Curtin University's WA School Mines rated second only to the Colorado University. A \$50,000,000 + upgrade to the Campus included new and additional accommodation designed to support students pursuing their degrees in an ideal study environment. Curtin is one of Australia's most innovative education institutions constantly looking to diversify its offerings. Complimentary to Curtin is the Central Region TAFE Campus that forms part of the City's education and training precinct. The Campus is conveniently located within the City's CBD.

4. Do you have any suggestions or recommendations on how the Department of Defence, the ADF and defence industry can be engaged to the benefit of regional WA?

Having a component of the defence industry located in the region would bring additional stability to the region's economy. One could liken the scenario to Townsville another City with a strong resource related industry base. It has a diversified economic base complimented by the ADF.

The region is home to a large Aboriginal population. Australia has a significant challenge to develop a future for these people. Adding diversity to the employment offering would be most complimentary to influencing a future for them.

Kalgoorlie-Boulder, Australia's largest inland City, has remained relatively stable during the inevitable fluctuating economic cycles the resource sector traditionally endures. A primary reason for remaining sustainable is the strong community fabric that has been established over many decades.

5. What is the state of the economy in your region and how has it been affected by the downturn in the resources sector? Similarly, in your opinion to what extent are there complementarities and synergies between the defence and resources sectors?

The state of the economy fluctuates dependant on the global demand for the resources produced in the region. This fact is the primary reason for expressing an interest in encouraging the ADF to consider a presence in the region. Having a component of the ADF located in the Kalgoorlie Goldfields, part a world class mining precinct in its own right, would be most complimentary to stabilising the region's economy.

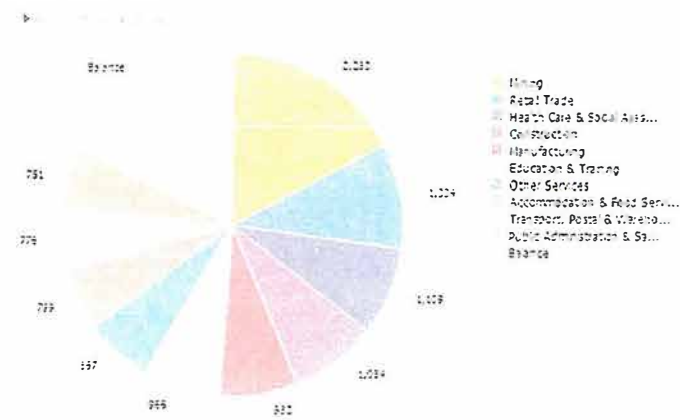
6. Can you provide any additional facts and information on your region which could potentially be of value to the compilation of my report?

Liveability in the City of Kalgoorlie-Boulder and its surrounds is in keeping with the main stream Australian population expectations. It has a very strong proactive Local Government Authority, strong choice of quality accommodation, shopping comparable with any regional City, excellent education infrastructure covering all levels, two national airlines with multiple flights during the day including a direct flight to Melbourne, all modes of transport, high quality health infrastructure and outstanding sporting/cultural infrastructure.

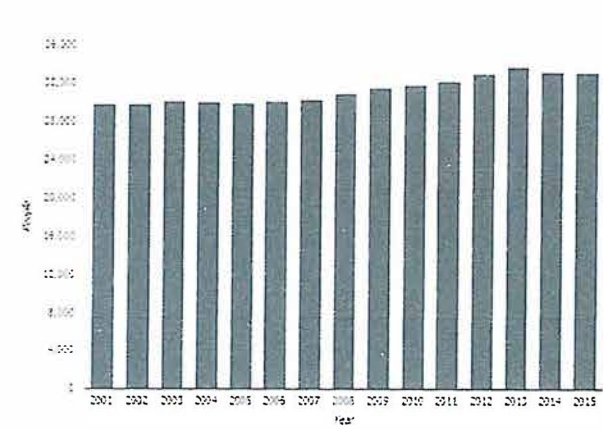
Summary

Thank you for this opportunity to comment on the RDA initiative it is most appreciated. The KBCCI would commit to hosting a visit to inspect and meet with key stakeholders.

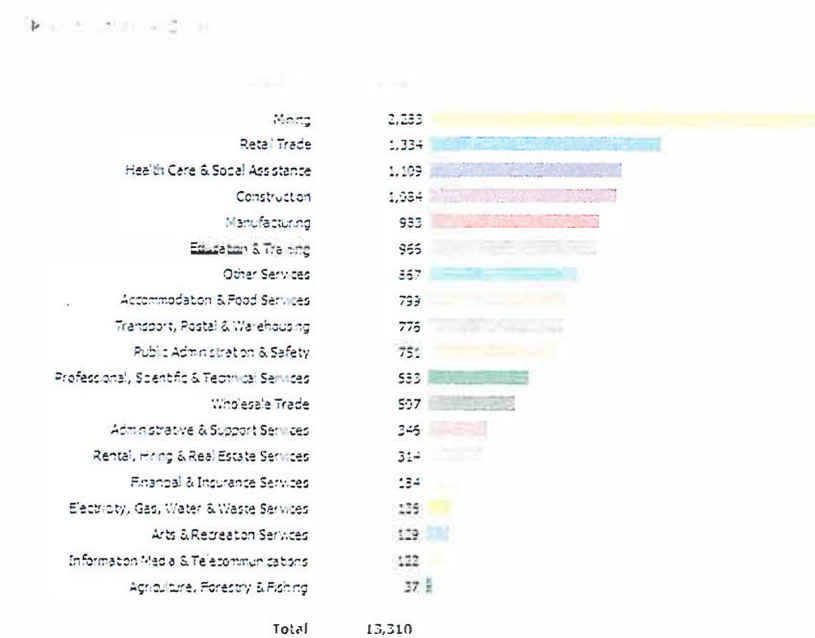
Kalgoorlie/Boulder
Employment by Industry



Kalgoorlie/Boulder
Population



Kalgoorlie/Boulder
Employment by Industry



If you require any additional information please feel free to contact me .

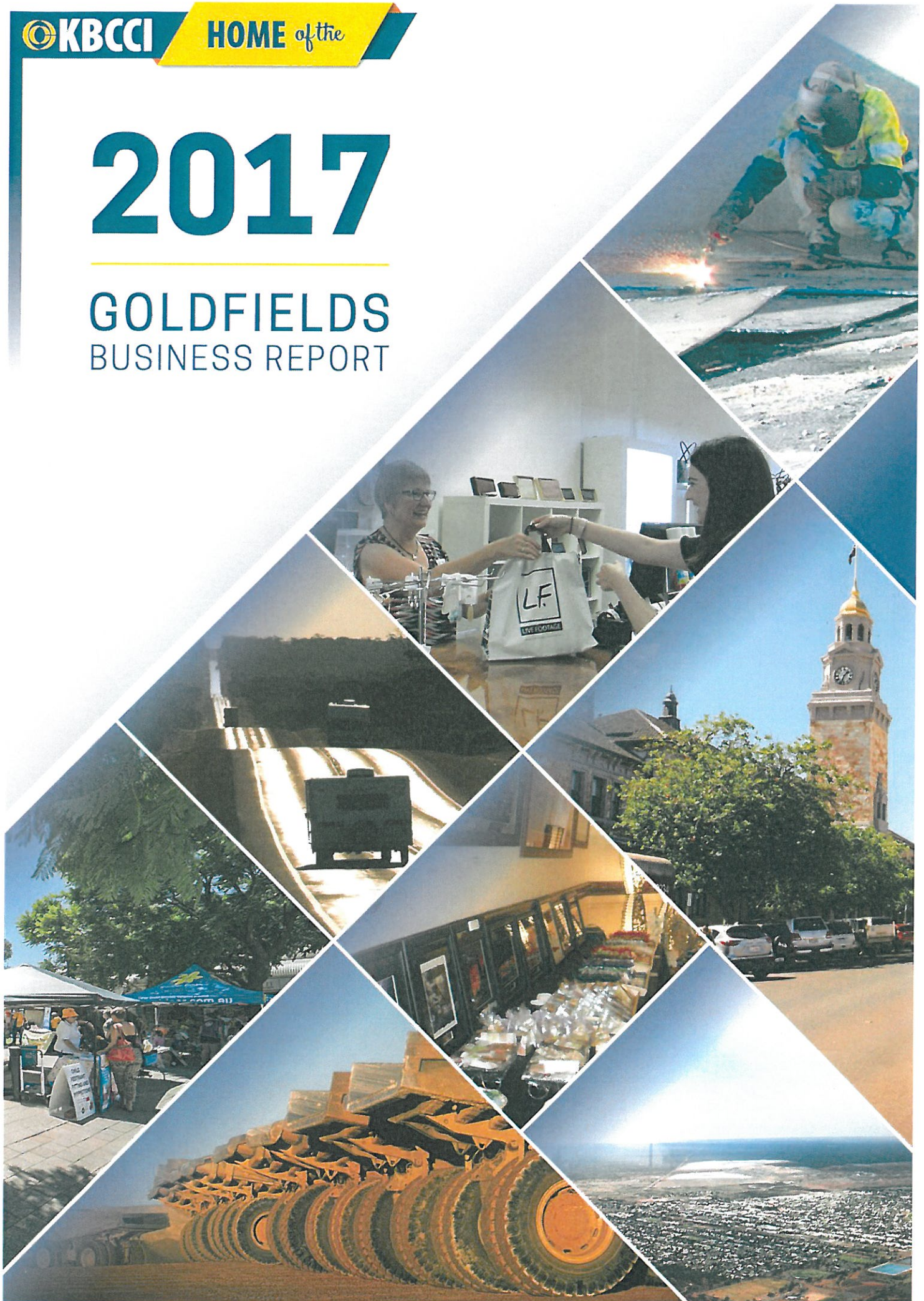
✓

KBCCI

HOME of the

2017

GOLDFIELDS BUSINESS REPORT



INTRODUCTION

The 2017 Goldfields Business Report is compiled to reflect business trends. This is not an economic assessment of Goldfields business. By producing the report in raw form, it is intended to reflect many conversations held with managers and owner operators in the Goldfields business network during the May/June/July period.

The Goldfields economy continues to rebound

Clear indications are the Goldfields economy has rebounded strongly in the past two years. However, some strategic challenges need to be dealt with to ensure the many opportunities that exist and are on their way, can be realised. The exploration sector, drilling in particular, has moved into a positive mode, the flow-on effects, direct and indirect, are obvious. Businesses servicing the mining industry generally report a significant upswing in activity since the commencement of 2017.

The biggest issue for them, recruiting and retaining the people they need. Effectively, the region has a major skills shortage. The common comment "we don't want another boom" likely coincides with many not in a position to ramp up costs effectively should another happen. Unfortunately anti-social events during the course of the year have severely damaged Kalgoorlie-Boulder's reputation as a place to live and work. The result, attracting the people needed is a severe problem. Hopefully the Growing Kalgoorlie-Boulder Project, championed by the City of Kalgoorlie-Boulder, in collaboration with the business and wider community, will ultimately influence change that must happen to build a platform for growth. Early indications are positive.

Private sector health investment has emerged as a progressive component of the City's business community. In conjunction with the strong growth in allied health and the \$53,000,000 being invested at the Kalgoorlie Regional Hospital, quality and choice have risen to new levels.

Multicultural change in the workplace and community stood out for all the right reasons. The multicultural composition of this community is now a primary strength. The relatively new migrant population is very diverse and their skills cover the majority of primary industries. More of these valuable people are needed, however getting them has become difficult due to recent changes to government policy.

Creative change in business could be described as spectacular. The remarkable adaption of social media into mainstream business practices has seen them become much more creative than ever before. In fact without social media, the cost effective networking and marketing option, some small businesses would not be viable. Goldfields businesses, not for profit organisations, the cornerstone of Kalgoorlie-Boulder's social fabric, have embraced the medium to gain outstanding outcomes.

Government infrastructure investment in the future of the region has had a very positive impact on hospitality, building trades, equipment hire and transport sectors. There's no particular project that stands out, however collectively they have made an unspectacular but significant difference to the current economy.

The cost of airfares came up in the majority of conversations. The small medium business sector in particular are hardest hit by the cost. Travel for training, negotiations and like cannot be avoided. Business needs to be mobile, employees have differing quality of life expectations, entitlements, and hence travel is a core factor that in most instances cannot be dismissed.

The world of retail hasn't changed much since the last report. But it does seem owner operators are introducing innovative change to suit current consumer trends and its working for them. In summary, networks and client satisfaction, keeps so much work in the region. Opportunities are drying up for many in other resource rich regions. The word is out the Goldfields is the place to be, so expect to see more competition on its way to this business community.

- Reflects a general trend
- Reflects a point made during a conversation

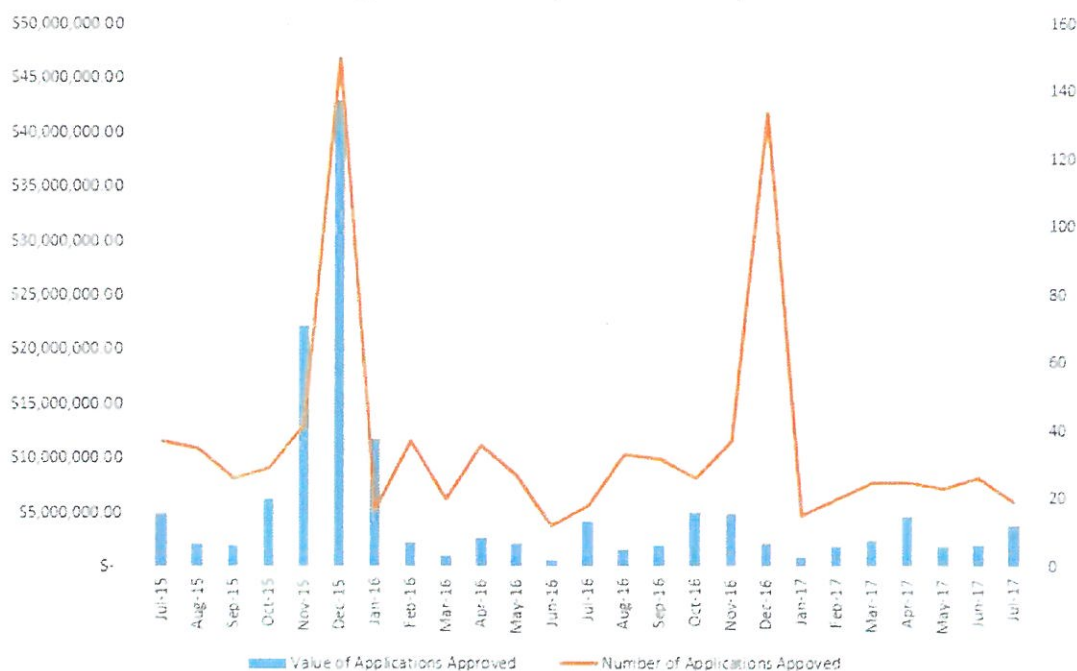
Accommodation (Hotel/Motel) – Strong Government and private sector spending is having positive flow-on effects to the hospitality sector.

- Currently 5% above budget based on our P/L.
- Cost of product, food, consumables, utilities and the like on impacting on viability when pricing is so competitive.
- Fortunately the City has a strong service sector so we can maintain a quality establishment.
- Approximately 90% of business is corporate, government with tourism making up the balance.
- Government infrastructure investment in the region has strongly influenced accommodation bookings in the past two years.
- 2016/17 year's turnover was the best for the past eight years.
- Travelling leisure group's activity has diminished substantially since the Global Financial Crisis.
- Events count for every sector of the industry.
- Finding chefs is a major issue for the sector. Apprentice chefs are influenced by what they see on TV which is not a real reflection of the trade. Recruiting chefs from overseas is close to our only option but new Government regulations will likely stop that.
- Accommodation rates have plummeted due to the influence of online booking systems. Good for the consumer not so good for the business.
- Corporate clients regularly nominate the price they will pay for accommodation with the loyalty factor less evident.
- Many consumer expectations have changed to more live in accommodation. They will source cheap take away food and don't frequent onsite dining facilities as they traditionally used to. Free WIFI and quality TV's are generally expected.

Building Statistics

- The City of Kalgoorlie-Boulder's Building & Construction Approvals Statistics.

Building statistics July 2015 to July 2017



Building & Construction Industry – We are getting ready for the future.

- It's been a weak period for local building hardware businesses.
- Activity in civil works influenced the retention of trades normally associated with the residential sector.
- The Masonic Lodge's 49 accommodation unit capital investment, \$9,000,000, Royalty's For Regions funded, currently under construction, is having a very positive impact on all sectors of the local building industry.
- From February 2017 onwards enquiries have been strong in comparison with last year.
- 1st home buyers continue to influence activity.
- A lack of land is about to confront us again. The City needs a land bank.
- The City of Kalgoorlie-Boulder generally commended for its proactive approach to supporting the industry.
- Strata Title development opportunities continue to emerge.
- The City's major project builder has plans for a major residential unit development. Strong interest from prospective purchasers (56 units).
- 2016/17 was a particularly weak year for the residential construction sector according to the City's building material suppliers.
- Renovation activity has remained relatively sound.
- Retaining building trades has been a major challenge for builders.
- Recent enquiries indicate the residential construction sector will see an increase in activity.

Consultant Engineering – Multiple smaller contracts underpinning activity.

- The past five years has seen a shift from big projects to numerous smaller contracts.
- We have a growing global client data base consisting of clients from our Goldfields network who have either moved overseas with other companies or successfully tendered for work elsewhere.
- To remain cost effective and retain our clientele we have opened another satellite branch in Perth to service remote locations.
- Recruiting qualified personal for our Goldfields interests is a major challenge for us. To compound this situation negative publicity about Kalgoorlie is working against us.
- Having digital capability for sharing data has had a significant influence on our options to remain primarily a Goldfields based business with a global client base.
- Organic growth within our business has influenced our risk management practises through variable economic cycles. However we have noticed significant changes in our clients trading terms in the current era. It's critical for us that we know what our clients trading terms are so we can manage our cash flow.

Government Infrastructure Investment – Government investment has had a noticeable influence on the region's economy. Current and recent Government investment with the region has had a positive influence on civil construction, businesses who benefit from an itinerant workforce and the equipment hire sector.

Local Government

Local Government investment has been significant with the \$17,000,000 Ray Finlayson Sporting Complex one of the features.

Water Corporation

- \$82M on the construction of the Binduli Storage reservoir.
- \$21M on pipeline upgrades in the Kalgoorlie supply zone.
- \$1.8M Norseman water storage.
- \$ 3.0M Leonora town upgrade.
- \$13M Goldfields Pipeline Upgrade (10km section) – Coolgardie.
- \$7.6M Ravensthorpe water treatment & catchment upgrade.

Education

- \$ 32M Curtin University Kalgoorlie Campus accommodation & infrastructure.
- \$45M Kalgoorlie Boulder Community High School construction program.

Main Roads Department

Great Eastern Highway Passing Lanes (Southern Cross to Kalgoorlie)

- The 200 kilometres of road between Southern Cross and Kalgoorlie, fifteen new passing lanes on Great Eastern Highway were completed at a cost of \$36M. Works included 44 kilometres of new construction for the passing lanes, combined with the widening and overlay of adjoining sections of road and an additional 6.7 kilometre section of overlay.

Outback Way Sealing Project (Laverton to WA/NT Border)

- The Shires of Laverton and Ngaanyatjaraku have commenced work on sealing approximately 100 kilometres of the Outback Way between Laverton and the WA/NT border. The \$22 million project is being jointly funded by the Commonwealth and the WA Governments.
- A study and report to develop an investment strategy for this funding is currently being considered by the Commonwealth Government.

Goldfields Highway Widening (Broad Arrow to Canegrass)

- More than 45 kilometres of Goldfields Highway between Broad Arrow and Canegrass has been widened. The works undertaken for a cost of \$5.5 million. Works included widening the existing road formation and seal to provide one metre sealed shoulders and audible edge lines.

Health - The Kalgoorlie Health Campus redevelopment has had a capital investment to date of approximately \$57M. The Kalgoorlie Renal Office and Accommodation project on the health campus site was a capital investment of just over \$3M.

There is a remaining \$2.6M to be utilised at the Kalgoorlie Health Campus on various works.

Contracting (Civil) – Generally been a sound period but could have been much better with stronger local content commitment.

- Civil construction has provided a lifeline to some trades normally part of the residential sector.

Education (Primary, Secondary, Tertiary) – An unassuming driver of the region's economy.

- All schools are generally well-staffed.
- Student numbers in the City remain similar to last year albeit Kalgoorlie-Boulder Community High School's (KBCHS) have dropped due to incidents last year which was to be expected. Other schools have accommodated students whilst EGCHS regains its composure.
- KBCHS's construction program continues to progress. Expectations are on completion it will be one of the most modern Campuses in regional Western Australia.
- Curtin University confirms it will broaden its offering at the Kalgoorlie Campus to provide additional main stream courses for Goldfields students. Curtin's alliance with Open Universities Australia will underpin the strategy.
- The new Agricola College accommodation is set to provide Curtin University with education options they could not consider in the past.

Finance (General) - The Goldfields economy is misinterpreted by peak financial institutions.

- The influence of negative media is having flow-on effects to the confidence.
- Concerns the region's business banking expertise is not meeting expectations.
- Erratic trading terms are contributing to uncertainty.
- Trading terms of most mining companies in the region considered reasonable on the proviso you comply with their reporting processes.

- Finance brokers are having a strong influence on the traditional business banking client base.
- Time poor businesses are not taking advantage of the services on offer from the business banking sector.
- Finding new ways to grow, within core business, a strong trend.
- Businesses are seeking stronger transparency in negotiations with their financial providers.
- Businesses are being encouraged to embrace digital technology to manage their financial transactions to enhance their liquidity.
- There is a noticeable difference between the expectations of differing generations. Younger generation more inclined to online data in comparison with mature clientele.
- Consumers are moving to lifestyle spending, coffee experience, in lieu of toys/gifts.
- Postcodes continue to influence financiers. Regionally they have little or no discretionary power.
- Debtor finance remains most relevant with business clients.
- Drilling industries clients prominent amongst all financial institutions.
- Noticeable shift with business clients opting for more flexible labour options.
- Price sensitive consumers on the increase.
- A slight upward swing in investment properties becoming evident.
- Financial compliance tending to influence business banking decisions.
- Relationships with business banking personal generally considered critical to owner operators decision making.
- The future of the Super Pit continues to influence decisions. A broader understanding of the dynamics that underpin the City and region's economy is needed to ensure investment and financial support for regional businesses.

Industry Training Sector – The multi-cultural workplace brings challenges.

- Demand for TAFE services has declined during the past 12 months.
- Industry specific training (high voltage for example) considered relevant but not available.
- Schools and students do not understand our workplaces.
- Drilling companies very prominent in the apprenticeship and training sector.
- Financial support for employers to assist them in taking on or upskilling employees considered to be very poor. Considered ridiculous by some.
- Government payroll tax changes were noticeably popular.
- Traineeships continue to be popular. Most traineeships are in the mining sector. Additional employer support would be welcomed.
- Indications are heavy duty mechanic apprenticeships are the most popular.
- There has been a slight improvement in the number of apprentices completing their training.
- Cabinet making apprenticeships have dropped to concerning levels as employers cannot afford to absorb the training costs and time away the job they must cover.
- Effective communications influenced by the multi-cultural composition of our workforce often an issue for us.
- Support for the proposed TAFE mineral processing facility is extremely strong. Many consider it will generate real job opportunities for entry level employees.

Metal Fabrication & Maintenance – Customers want more for the same cost.

- The current financial year is pretty good. We reached our budget at the end of April.
- Availability of skilled people has improved but we still can't get the skilled people we need for the opportunities out there.
- All in the sector confident the current level of activity can be retained.
- We pay loyalty bonuses to retain our people.
- Shut down labour rates conflict with residential workforce expectations.
- We have many people asking us about getting an apprenticeship with us but they know very little or nothing about what they are looking for (they just want an apprenticeship).
- Noticeable decline in employees interested in responsible positions.
- Quoting on jobs can be risky when skilled personnel are required.

- There are numerous Research & Development programs in this sector but they are not considered such, its simply part of getting things done better.
- Mining clients are getting savvier by providing some of the components required for their jobs reducing our margins.
- Online inductions are working well by providing more flexibility for the employer and employee.
- Ideally there would be differing categories for trades that both the employer and employee can be remunerated to effecting their commitment to continuous improvement.
- Seems its acceptable to prolong payments, 90 days is close to standard and that's being stretched by some clients.
- We have had a number of smaller clients leaving debts with us.
- Increasing compliance expectations are influencing our bottom line.
- If the situation does not improve for getting the people we need, overseas recruitment will be one of the few options remaining. This is a costly and risky option hence rates would need to reflect the cost which clients will likely balk at.

Mining (Processing/Manufacturing) – We are struggling to attract and retain Processing Engineers to our Kalgoorlie manufacturing operations.

- Specialist Drill and Blast Engineers are rare in Australia, even though there is an abundance of other Mining Engineers.
- The mining industry is less able to perform without quality advices from these Engineers and produce less ore.
- Our company has been supporting 457 visa participants for several years and is eager to see it continue.
- It's difficult to attract quality specialist Engineers to regional areas.
- Mining companies require drill and blast as part of their everyday processes to be efficient, without quality Drill and Blast Engineers we would not be able to help clients be efficient mines.

Mining - Drilling Consumables – Demand has far exceeded our expectations.

- We are struggling to keep up with demand, the demand has far exceeded our expectations. Managing the demand and meeting client timelines is one of the biggest challenges we have.
- To take advantage of the demand a significant investment has been made in new equipment. Making the most of the equipment has influenced significant change to operating systems. We don't work harder, we are much smarter due to software purchased and that we have built for specific purposes.
- Knowing our clients well is our strength. Strong communications has led to many research & development experiences.
- To build the business an auxiliary workshop has been purchased in the metropolitan industrial estate. Kalgoorlie will remain the major manufacturing base as it fits well with the industry we are in.

Mining (Consumables) – We are the shining light of our national group.

- Our networks are our strength even if they are not current clients.
- Yes we are a national group but the Goldfields is serviced by locals who know the region very well.
- We are in a very competitive part of the industry but it's not all about the price for us.
- Smaller clients produce better dividends.
- It's tight out there so every client counts.
- Corporate decisions generally don't take our client base into consideration, this costs us on many occasions. We get lost in our corporate strategies.
- Our regional network is our strength so we work hard on the relationships we have. Sales have increased by 3.8%.
- Cash flow has been an issue for many of our clients in recent years. Some come to us with their payment terms which we try to accommodate dependant on their needs.

Mining & Construction (Heavy Equipment) – Prospects are good, but we are working for nothing.

- We must have skin in the game or run the risk of getting lost.
- There are some good prospects for us.
- We are all chasing some of the bigger gold mining operations coming onto the market, it's very competitive industry.
- Labour is generally not an issue when attracting and retaining operators, but highly skilled trades continue to be difficult to attract and retain.
- If we can get a local workforce that's ideal.
- Itinerant contractors that come and go make life difficult for us.
- Margins are very tight but that's what we expect.

Mining (Service Industry) – This sector is the strength of the Goldfields economy.

- Service and supply sectors remain very strong.
- Our technology is being exported globally. Demand for our technology the business has established two new branches overseas.
- We need sales representatives with sound industry knowledge. But applicants want to be paid a mine site salary packages.
- Supplying the drilling industry is particularly good for us.
- We are committed to keeping things as local as we can.

Mining & Exploration (Drilling) – There is plenty of activity but rates remain tight.

- Travel costs for a FIFO workforce has increased by 15% since the last financial year.
- The industry is generally busy but the rates have not changed and our costs have risen.
- The strong industry support sector in Kalgoorlie underpins a cost effective drilling sector.
- Relationships with innovative suppliers and manufacturers based in the region is a bonus.
- Attracting the people we need continues to be frustrating so FIFO becomes one of our few options.
- Drilling activity is having noticeable flow-on effects to the wider Goldfields business community.

Mining (Contracting Small/Medium) – A noticeable shift to stronger activity and better margins during 2017.

- Significant increase in turnover in recent months.
- Struggling to attract the people we need to Kalgoorlie for the positions we have in the electrical mine site specific sector.
- There is no comparison between mining and domestic electrical trades. It's very costly to convert trades to the high voltage mine site sector.
- We can see an opportunity for the Goldfields training system to produce highly skilled accreditations.
- The new migration costs and criteria are going to make it difficult for us to get the skilled people we need.
- We find many of our apprentices through the secondary school workplace learning program. Students gain an appreciation of our industry sector which works well for us in many instances as it minimises the risk of the wrong career or from our perspective the wrong person.
- Site based salary packages versus town based distort employee expectations.
- The trades award rate is the base we work from but none of our tradesman would be on the award rate.
- Over the past two year salaries have been frozen, management accepted reductions, but recently our tradesman have received increases.
- Keeping on top of our financial transactions is priority for us. It's how we minimise outstanding accounts. Our relationship with our clients is critical to managing our finances.
- Another mining boom would not benefit our business. There are too many things we can't manage and high industry standards are not achievable.

Mining & Domestic Vehicle Hire – Strong numbers through the airport terminal reflecting activity.

- Strong support continues from the Government sector.
- Mine spec vehicles are in consistent demand for consultants, service sector and hard core mining.
- 4x4 vehicle demand has increased noticeably.
- Demand for onsite buses continues to grow.
- Requests for tourism related vehicles has not changed.
- Airport related rentals reflect the strong activity at the terminal.
- Personal networks remain the strength of most rental companies.
- The brand of vehicles continues to influence client requests.
- Streamlining processes are an ongoing priority for the sector.
- Built in vehicle features to differing models often influence vehicle choice.
- Compared with all other regions Kalgoorlie's rental agencies are owner/operator. Most other franchises to reduce costs.

Mining Sector (Chamber of Minerals & Energy Eastern Regional Council Report) – The Gold Industry has started to pick up, specifically in the Goldfields.

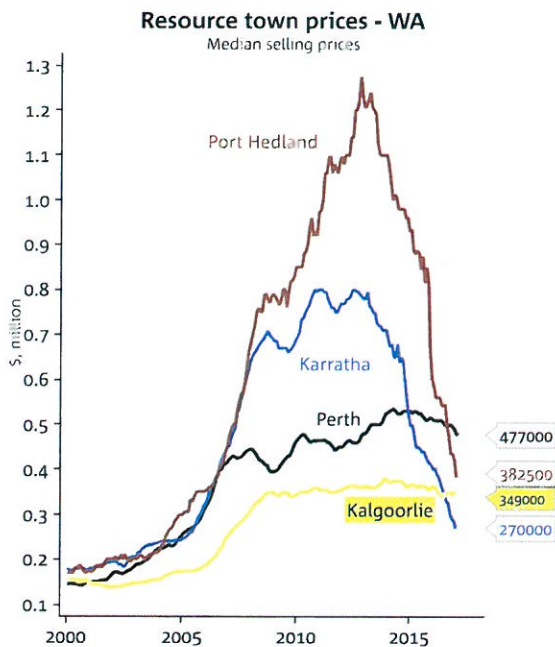
- Many companies are struggling to attract suitably qualified technical staff, from the local population.
- 'Industry ready' candidates still continue to provide challenges for Goldfields companies.
- Technical graduate numbers are in decline, a hangover from the end of the boom, looks to affect skilled mining positions within the next 2 years.
- Many companies are still looking to drive down costs and focus on production rates to remain in a profitable position.
- Companies are looking to expand exploration, with drill yards noticeably empty.
- Many mining companies are enjoying a more transparent relationship with Western Power with access to energy still a major concern for the area.
- Nickel, lithium and cobalt players becoming more active in industry.
- 4 Uranium mines granted approvals (Kintyre, Yeelirrie, Mulga Downs and Wiluna).
- 2018 outlook remains positive, though staff shortages will continue to haunt regional areas.

Not for Profit (NFP) Sector – The NFP sector is entering a very competitive and challenging funding environment.

- Sourcing staff has been relatively easy over the past 12 months with turnover reducing to 2%. However we expect the labour market to tighten for the NFP human services sector as the mining sector strengthens and gains momentum.
- Not-for-profit organisations are entering a very competitive and challenging funding environment as Government(s) continue to tighten the purse strings with little relief in sight over the next two years leading to the potential for reduced margins, service offering and service quality.
- Without a strong and viable not-for-profit sector community does not function effectively, potentially collapse, and therefore there will be heightened need for great cooperation and collaboration across the sector as NFPs look for innovative and better ways of delivering support services at reducing funding levels. This will put pressure of local funding bodies and on the community to increase support for NFPs.
- We can also expect Government to press NFPs to take greater responsibility in the community development space without corresponding funding support i.e. Cost shifting could occur.
- NFPs will need to be well governed and managed as accountability and reporting becomes more onerous. They will, as a result, need strong leadership and be able to make tough decisions as and when required.
- NFPs have had the protection of the State Government "Delivering Community Services in Partnership Policy (2011)" & "Non-Government Human Services Sector (NGHSS) Indexation Policy". NFPs will need to lobby the State Government to continue to adopt the principles that underpin these policies.

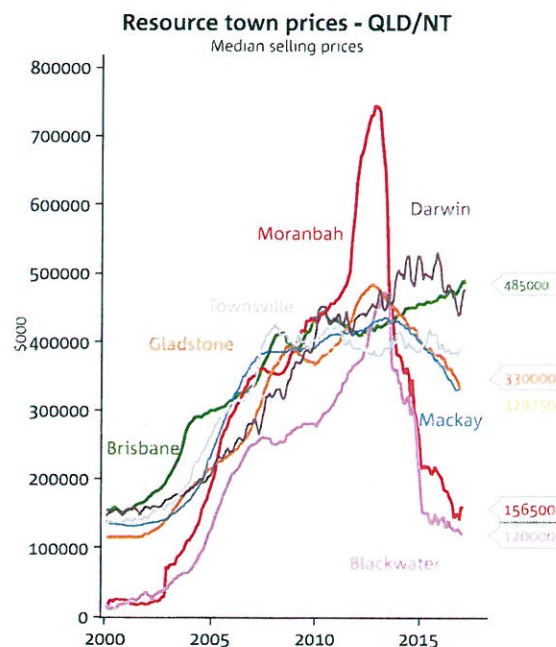
Real Estate (General) – It's all about confidence.

- Rental property availability is shrinking to an undersupply with availability at approximately 2% of the market.
- Limited rental accommodation choice is beginning to influence rates.
- Demand for industrial floor space is improving.
- Office floor space demand continues to be low.
- Retail floor space demand has improved slightly.
- It's a buyers' market at the moment but prices remain relatively stable.
- Sales trends have been similar for the past two years.
- A lack of confidence globally seems to be holding us back.
- Goldfields mining economy is being compared to others which does not truly reflect the local situation. Perceptions are the whole resource sector economy is in decline when the Goldfields is going in the opposite direction.
- Investing in the Kalgoorlie-Boulder property market has delivered better dividends than most mainstream urban markets.
- Considerable interest in renting/leasing industrial floor space but not purchasing.
- It's all about confidence.
- The emerging trend is a shortage of executive accommodation.
- We are finding locals continue to upgrade their properties.
- Quality property managers are difficult to find and keep.



Source: National Australia Bank, Macrobond

Australian Economic and Financial Outlook



Source: National Australia Bank, Macrobond



Retail Sector (Food, alcoholic beverages and everyday consumables) – Turnover up and dividend down.

- Sales have increased approximately 5% during the past two years.
- Turnover back to 2013 figures however profitability has reduced.
- More people are coming than going hence our consumer count is up.
- Consumer confidence has improved as reflected by their discretionary spend in higher quality product lines.
- Liquor sales by volume remain stable however quality purchases have become more popular.
- Drilling sector clientele has shown noticeable improvement in the past 12/18 months.

- Specialty lines to suit the multi-cultural composition of the City influencing new opportunities.
- Staff turnover remains minimal.

Retail Sector (Specialty) – It's about time we had a strategy in place to move towards 7 day trading.

- We have been a Goldfields retailer for many years and in recent times we have changed, our business model to meet the expectations of the new age consumer.
- We have value added to our traditional product lines to add to the consumer appeal.
- Our business brand really counts for us even though we are small.
- Lack of lighting under the CBD verandas is having a noticeable negative influence on trade.
- Many of our clients are over online shopping, but we have a strong online presence that we built some years ago.
- Getting stock into Kalgoorlie is a major issue for us as it influences what we can hold. Freight can take up to 10 days to arrive unless we airfreight, but our margins are so tight we must try to avoid this option.
- Being part of a franchise that complements core business, carry some of their stock has worked for us as they were able to negotiate better payment terms.

Retail Warehousing (General) – We have a major investment here that will expand further in coming weeks. We must continue to invest to remain relevant.

- We don't know what a boom is, we have been operating in the current environment for a number of years so if a boom were to happen we would be ready. Stock is king in our industry.
- The Kalgoorlie-Boulder population demographic of 25-35 influences the type and range of products on the floor.
- The top brands are a must for us. Buying power for our business must be competitive.
- We are growing the range of products we will sell so we must understand what the Goldfields consumer wants. It's a strength we have, so our range will be adjusted to suit.
- Our business needs a compelling commercially planned strategy for us to support 7 day trading.

Retail (Beauty & Wellbeing) – The multicultural composition of the City influences our product range.

- Trading in the early months of 2017 were excellent in comparison with recent years.
- Stronger trend to consumers buying personalised gifts compared to vouchers recently.
- Cash purchases noticeable in the Christmas trading period.
- Brands count for the younger generation of consumer and they all want the latest.
- Seasonal influence on consumer purchasing trends most noticeable.
- Advice from staff, differing generations, influences the range we carry.
- Competition in this sector has changed, now pharmacies and national retailers are competition.
- Social media marketing to our network is having marked effect on how this business functions (all staff have input).
- Wellbeing treatments for all ages of male and female clients continue to be in demand.
- The influence of other complimentary businesses within the immediate vicinity seems to be working well for all of us.
- Referrals mean a lot to us.

Hardware - (Trade & Home Handyman) – This last year has been a roller coaster ride.

- In recent times there has been a strong shift to seasonal retail activity compared to traditional trading cycles.
- The current Masonic Accommodation Complex Development commitment to local purchasing will influence turnover for the duration of its construction.
- DIY kitchen renovations purchases have been strong this year.
- Numbers through the door have been down over the past year.

- Major brand name products influence consumer choice.
- Stronger support from our major suppliers is making a difference as their strategies to underpin their own viability now includes us.
- Residential builder's hardware demand has been very slow in the past twelve months.
- Consumer confidence is generally low and seems to be influenced by global communication networks.
- Local retailer confirms his social media and digital tracking system has influenced considerable change to their business.

Skilled Workforce – We have been shocked by the shortage of youngsters not applying for entry level positions.

- There is a shortage of skilled personal particularly in the mining service sector.
 - Significant swing to people wanting FIFO to and from the Goldfields.
 - Demand is outnumbering the availability.
 - There are still quality personnel residing in the region.
 - We need to put in place a strategy to attract the people we need from the metro area.
 - Head hunting is commonplace within most industry sectors.
 - New underground operations are creating a new era for skilled labour demand.
 - The service sector is battling to compete with mining companies who pay higher rates
- Report from an informed source in labour hire. Without a doubt the biggest thing companies are struggling to find are quality Heavy Duty Fitters, Auto Electricians, Drill Fitters, Shot Firers, Blast Hole Drillers but also technical mining personnel such as mining engineers, geotechnical engineers, maintenance planners hence why some of these consultancy companies are making a fortune contracting out their people that they pay a premium rate too to keep them as they know mining companies need these people but can't find them. We have talked several of our clients into going from offering \$40 p/h to \$50 p/h for fitters and still not getting a single hit on Facebook, Seek or local media. Comment from an informed source in labour hire) We are in the process of doing some big advertising in Victoria around Bendigo, Ballarat, Geelong etc to see if we can drag some quality over to the region.*

We have been shocked by the shortage of youngsters applying for entry level roles that are golden opportunities. We have had several roles in the last week come to us where big mining companies are offering \$38 p/h on a week on week off roster with no experience required to start out as Nippers/Underground operators and Kalgoorlie people are not applying. We are finding a lot of the skilled people are Perth based who want FIFO that probably moved to the city in the great times, purchased houses etc whilst money was good and jobs were a plenty. Now they are not in a position to relocate back or are not willing to return.

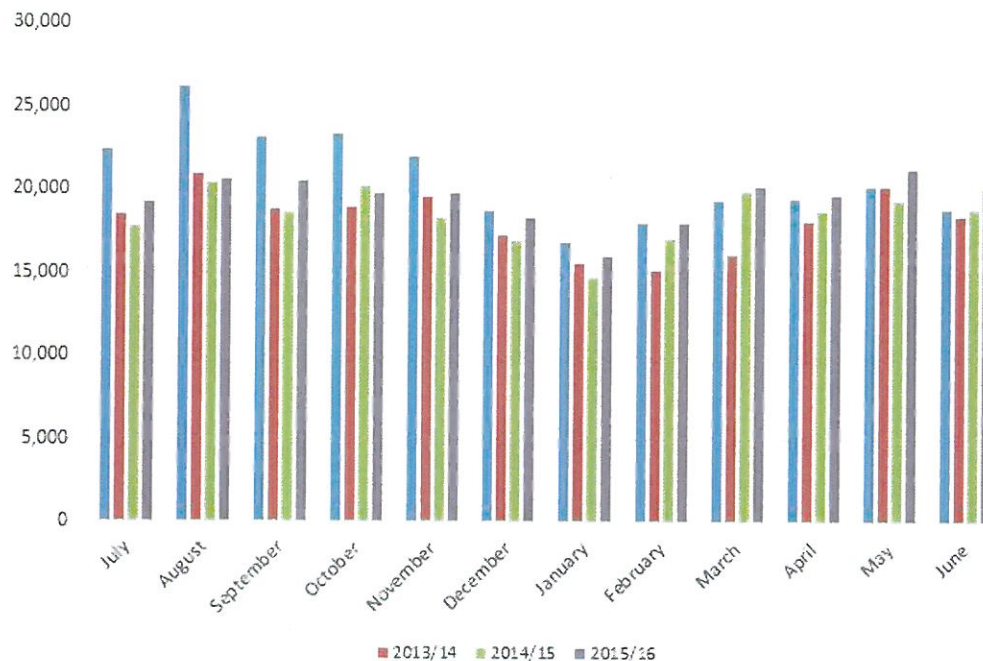
Small Business Development – Not enough understanding of business basics amongst start-up businesses.

- Many enquiries to start a business but many of them would not be a viable business and don't get off the ground.
- General lack of understanding of social media as a marketing tool and lack of planning around social media use.
- Business education & understanding is not a priority, but rather a reaction to a situation that arises in their small business.
- More business seeking help with tenders & quotes.
- Many tenders are requiring an Aboriginal employment strategy.
- Lack of business planning in written form. Business owners have it all in their heads.
- A number of business "coaches" trying to break into the area in a fee for service model.
- Increase in number of Aboriginal start up business inquiries

Transport (Air) – The cost of flying is hurting the small business community.

- Air freight costs for low margin retailers reducing commercial sustainability.

Kalgoorlie-Boulder Passenger Statistics 2013 to 2016



Transport/Freight (General) – Where is the next generation of operators/drivers going to come from

- It's been a fantastic twelve months for turnover but it doesn't necessarily reflect on the bottom line. We have come out of the doldrums.
- Family owned businesses in this industry are an endangered species. You have to be big in this game. Corporates are buying businesses to gain access to contracts. But there is still a special place for small business who take advantage of their – local knowledge – flexibility – nimble culture.
- Stable fuel price has been good for the consumer as transport costs have been kept relatively stable.
- Mining specific transport/freight is very strong.
- Maintaining good relationships with your client base critical.
- Finding and retaining quality operators a constant challenge for the industry. It's an aging industry.
- Compliance costs continue to rise and clients expect the industry to carry them.
- There's a bright future for the industry if only we can recruit the people we need.
- People who want to work for us keep our costs down.
- Hiring drivers from agencies is a strong trend, but, if it doesn't work out situations compound.
- Generally a self-regulated industry but as the owner-operator ultimately you are responsible.

Tourism Sector- General – It's an exciting period with new tourism experiences established in the past year with more to come

- New tourism experiences have enhanced the overall tourism experience.
- Tourist numbers have dropped slightly during the past year. Some have been influenced by the negative media coverage of the City.
- First impressions of the City need to be improved.
- Cost of airfares is negating new tourism opportunities.
- Tourism signage within the City continues to be inadequate.

- CBD parking for caravans would be welcomed by visitors. Kalgoorlie's wide CBD streets could be configured to have parking in the middle, create atmosphere.
- Packaged Prospector Tours continue to work well.
- Lack of on board luggage space on the Prospector is holding back numerous opportunities associated with Kalgoorlie golf course.
- WIFI on the Prospector would complement corporate/business tourism.
- Seven Shires collaborating to establish a social media campaign highly anticipated by the industry.
- Grey nomad visits continue to be very strong.
- The loss of the proposed Loopline Railway has impacted on strategic planning options for tourism as it had global appeal.
- New coach, local aircraft, walking (Heartwalk & Aboriginal) tours bring quality new experiences to the tourism product.
- Seven day trading is expected by the majority of tourists.
- RV tourists getting one night free is the catalyst for them to stay longer, move to traditional parks and make a stronger contribution to the economy.

Health – Business Sector – Significant investment by general practitioners' and the allied health sector enhance the City's quality of life.

- Recruiting Australian trained doctors is a constant challenge. The majority of current practitioners are overseas trained. Comparable with the Pilbara. This has generally worked well for the Goldfields. Considerable effort has been put into providing overseas trained doctors with their Forward to Fellowship qualifications, however on completion of their accreditation retaining those doctors in the region is likely to be an ongoing challenge.
- Payroll tax is holding us back.
- There does not seem to be any incentive from Government to train or employ nurses. Regional discretionary support from Government would likely have very positive flow-on effects to options linked to training more nurses.
- The loss of long term medical practitioners has changed the composition of most practices in the region.
- We are confident the increasing number of student doctors graduating from University will assist with providing more doctors to the region.
- Having a unit of the Rural Clinical School program in Kalgoorlie is having a positive influence on rural medicine.
- Whilst we strive to provide a professional service for the community all general practices are businesses and numbers count for us just like any other business.
- Significant investments in our business will influence our capability to provide a "walk in service" for patients.
- We are confident the NBN infrastructure (increased data) being rolled out in the region will generate new opportunities for businesses with telehealth capability.
- Strong collaboration within the allied health sector is making a noticeable difference to quality health care available in the region.
- There has been a noticeable increase in the choices available within the allied health sector. This trend is making a noticeable difference to consumer choice and health care generally.
- This is a very competitive industry and the influence of social media on our respective practises needs to be well managed. We are taking a proactive approach to social media by integrating it into our business model.
- This sector of the regions business community considers they are held in high regard by the wider community hence it is a strength they seek to build on.

Vehicle Sales & Service (Domestic & Light Commercial) – We don't want another boom.

- Cost of labour at the moment is reasonable and this matters as we a labour intensive industry, particularly our service department.
- The market has decreased so we have altered our focus. Now the customer experience and our value proposition comes first.
- Our younger clients want to know "what's in it for them". They have no loyalty to brands.

- The loss of Australian iconic brands is changing the industry and our traditional markets.
- Staff turnover is higher than we would like. "Train and retain is our priority".
- Sales and service trends are similar to the past two years.
- Duel Cab 4x4's are the most popular model.
- Traditional big vehicle sales are virtually finished.
- All SUV models are good sellers.
- Our service department is going well as clients tend to retain their vehicles longer.