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PILBARA

# Pilbara September 2022 Bi- Monthly Economic Snapshot



## HIGHLIGHTS

### Interest rates

At its 6 September Board meeting, the Reserve Bank of Australia (RBA), lifted the official cash rate by 50 basis points to 2.35% in its attempt to address ongoing high inflation in Australia.

The RBA stated that it is “committed to returning inflation to the 2–3 per cent range over time. It is seeking to do this while keeping the economy on an even keel. The path to achieving this balance is a narrow one and clouded in uncertainty, not least because of global developments. The outlook for global economic growth has deteriorated due to pressures on real incomes from high inflation, the tightening of monetary policy in most countries, Russia’s invasion of Ukraine, and the COVID containment measures and other policy challenges in China. Inflation in Australia is the highest it has been since the early 1990s and is expected to increase further over the months ahead. Global factors explain much of the increase in inflation, but domestic factors are also playing a role. There are widespread upward pressures on prices from strong demand, a tight labour market and capacity constraints in some sectors of the economy”.

The RBA also stated “inflation is expected to peak later this year and then decline back towards the 2–3 per cent range. The Bank’s central forecast is for CPI inflation to be around 7¾ per cent over 2022, a little above 4 per cent over 2023 and around 3 per cent over 2024”.

### Federal Cabinet in the Pilbara Postponed

Following the death of the Queen Elizabeth II of England, Prime Minister Anthony Albanese advised that the proposed Federal Government September Cabinet to be held in Port Hedland on 16 September) would be cancelled.

Pic credit: cefc.com.au



## HIGHLIGHTS



## COST OF LIVING IN THE PILBARA



## OTHER PILBARA NEWS (INVESTMENT, LEGISLATION, GOVERNANCE)





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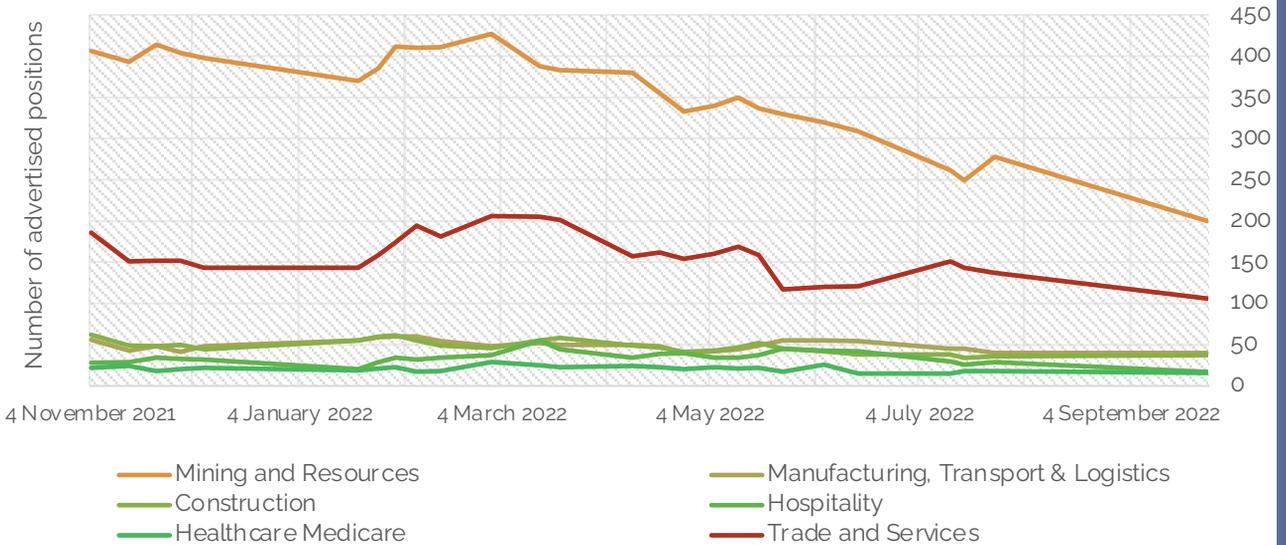
# COST OF LIVING IN THE PILBARA

## Job Availabilities

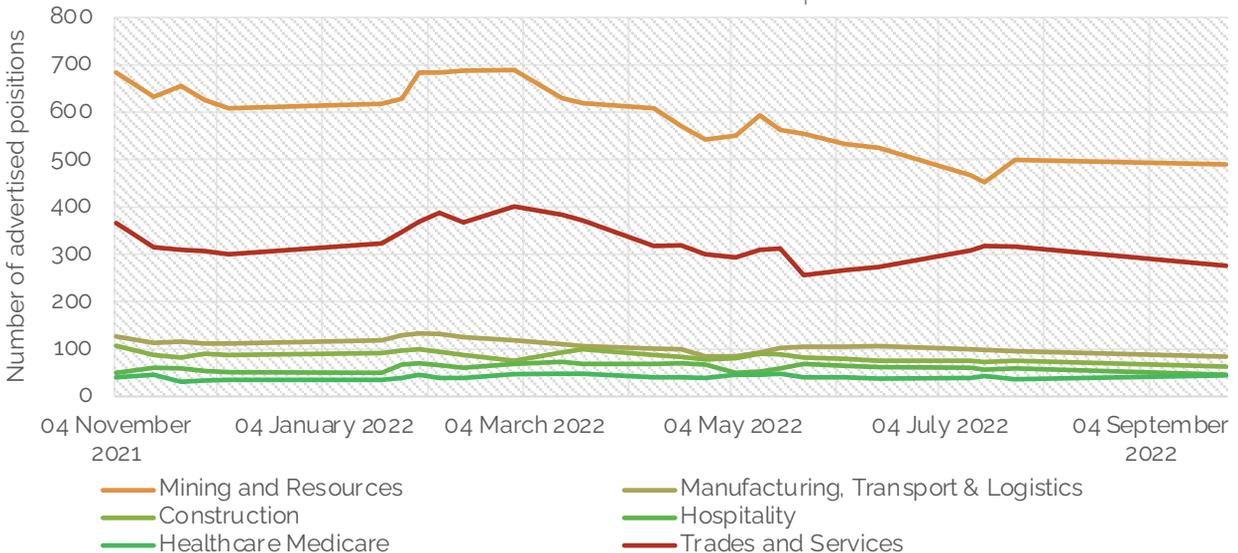
Pilbara job vacancies have continued their downwards trend from March 2022. The number of available jobs in the Pilbara and Karratha (as advertised on Seek.com) is the lowest since November 2021. With the total number of vacancies dropping from 1700 in October 2021 to around 1300 in September 2022.

The ABS reports Australia's unemployment rate dropping from 4.1% in June 2021 to 3.4% in September 2022. Anecdotal evidence and comments by local employers suggests that due to the low unemployment rate in the Pilbara and labour shortages generally, employer are turning to non traditional avenues and sources to find employees and skills urgently needed in the Pilbara.

Number of Advertised Jobs in the Karratha in the Respective Sectors



Number of Advertised Jobs in the Pilbara in the Respective Sectors





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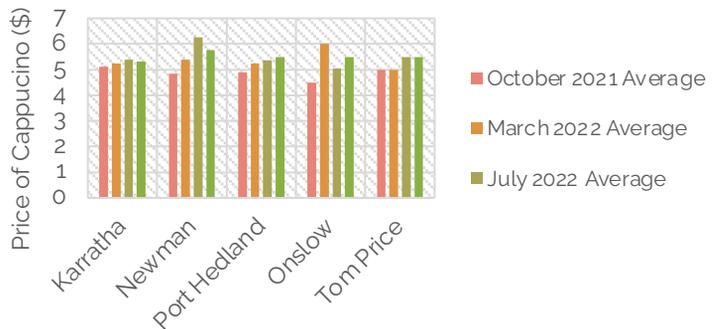
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# COST OF LIVING IN THE PILBARA CONT'

## Coffee Prices

The average cost of a medium cappuccino (regular milk) in the Pilbara has decreased in most towns from July. The recent decreases in international oil & diesel prices has seen operating cost for coffee shops and vans drop. Onslow coffee prices went against the Pilbara trend with a 20% cent increase from July 2022. The removal of the Government excise holiday may see coffee prices increase over the next few months.

Average cost of medium cappuccino in the Pilbara (\$)

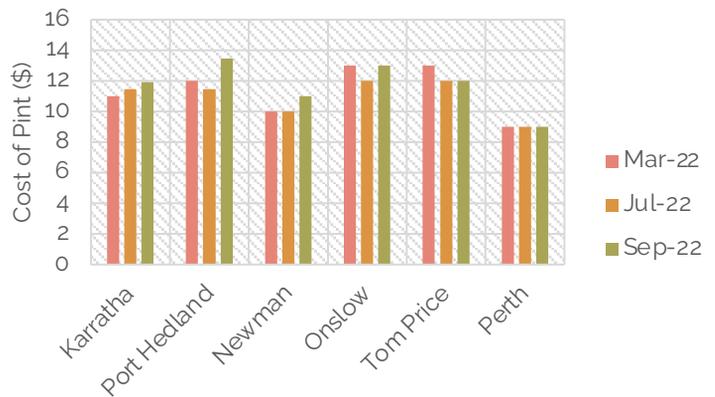


## Alcohol Prices

One of the key indicators of the cost of living in the Pilbara are the prices of alcohol in pubs, restaurants and the bottle shops.

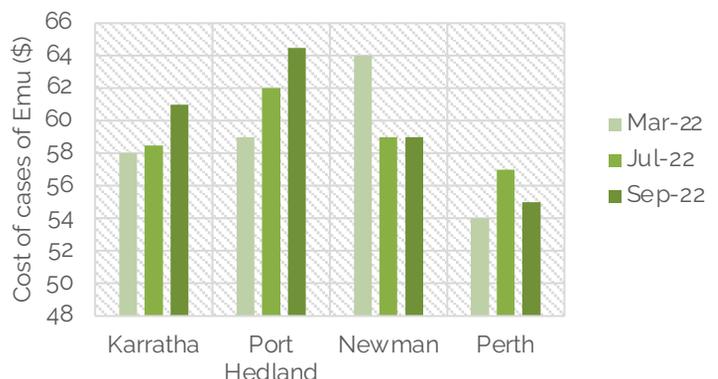
Based on data gathered from several venues in the Pilbara and Perth, the average cost of a pint of Swan Draught in licensed venues across the Pilbara has seen an increase by \$1 on average in 2022. In contrast, Perth prices have remained consistent since October 2021.

Comparing the Cost of a Pint of Swan at a Pub



The cost of a case of Emu cans has seen an increase in Karratha and Port Hedland, whilst Newman bottle shops have offered several long running specials. Many bottle shops offer good deals and price promotions for many popular beer cartons including, Emu Export. It is important to note that ad hoc liquor store sales and discounts mean that prices can vary significantly per week with 'on special' varying significantly to 'standard' prices across the Pilbara.

Cost of a Case of Emu Cans (\$)





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## COST OF LIVING IN THE PILBARA CONT.

### Fuel Price Trends

Australian households are expected to be spending an additional \$35 per month on fuel as the Federal Government's \$3 billion six-month reduction in the fuel excise comes to an end on the 29<sup>th</sup> September. However, capital city discounting cycles and falling oil prices sparked by fears of a global economic downturn could work to buffer bowser costs.

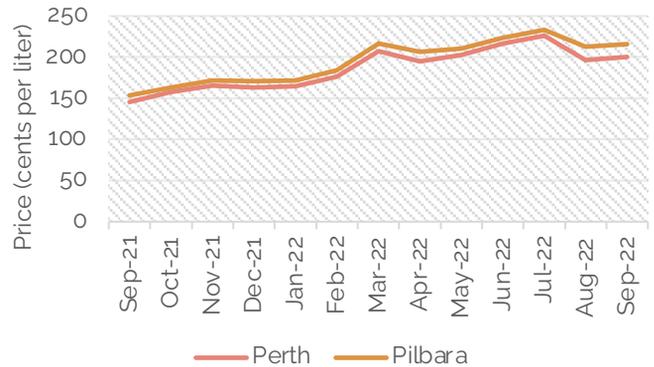
After slumping about 20 per cent from July peaks, the national average petrol price edged 10.4¢ higher last week to \$1.73 a litre, the largest lift in more than 18 weeks after hitting a nine-month low seven days prior.

Increases were most severe across east coast capital cities. Sydney prices rose 22.8¢ a litre to \$1.90, while Melbourne rose 23.4¢ to peak around \$1.93, according to data compiled by the Australian Institute of Petroleum.

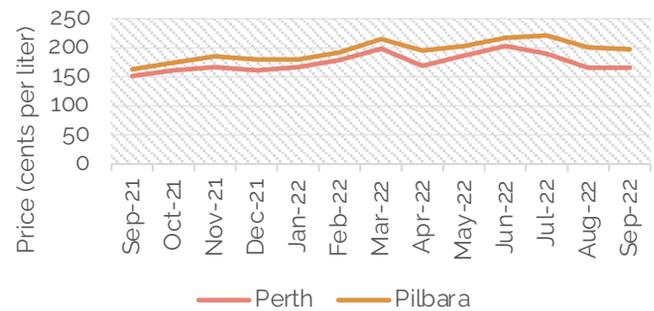
The end of the fuel tax cut will add about 22¢ a litre in the coming weeks and bring the national average petrol price just shy of \$2, which would take a typical family's monthly spend in petrol to \$278.50 (CommSec). The increase at the petrol bowser comes despite a 9 per cent fall in Brent crude from about \$US93 (\$143) at the start of September to about \$US84 in early week trade, sparked by fears of a broad global economic downturn.

The Pilbara region's fuel prices have further diverged from Perth prices in both ULP and Diesel.

Average Price of Diesel from September 2021 until September 2022



Average Price of ULP from July 2021 until September 2022



Data from Fuel Watch



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## OTHER PILBARA NEWS (INVESTMENT, LEGISLATION, GOVERNANCE)

### North West Central Bi-Election

Ms Merome Beard has won the WA North West Central Bi-Election for the National Party which was vacated by the the previous member, Mr Vince Catania. Ms Beard's victory has ensured that the Nationals keep four seats in the Legislative Assembly and retain official Opposition status.

### Project Yuri

On 16 September 2022 global giant ENGIE and Yara Pilbara Fertilizer announced a positive final investment decision for Yuri Project . Located on Murujuga near Dampier, in the heart of the Pilbara region, the renewable hydrogen plant will be one of the largest in Australia.

In collaboration with Yara, ENGIE will develop the new plant to supply renewable hydrogen and electricity to Yara's nearby liquid ammonia facility.

ENGIE has also executed an agreement with Mitsui & Co (MITSUI), pursuant to which MITSUI has agreed to acquire a 28 per cent stake in the joint venture company for the Yuri Project, subject to the satisfaction of certain conditions under the agreement. ENGIE and MITSUI intend to operate the Yuri Project through this joint venture company.

Yara's facility will be one of the first established operational facilities in the world to receive and use green hydrogen molecules to produce green ammonia

### North West Shelf Project loads 6000<sup>th</sup> LNG Ship

On September 10<sup>th</sup> 2022, the North West Shelf Project (NWSP) loaded its 6000<sup>th</sup> cargo of Liquefied Natural Gas from the Karratha Gas Plant.

The NWSP has been operating since 1984 with the first cargo of LNG arriving in Tokyo Bay in 1989. Earlier in 2022, the EPA recommended ministerial approval for Woodside and its joint venture partners to extend the life of the NWGP to 2070.

### Pilbara House Affordability

The Pilbara Development Commission have released their 2022 September Half Yearly Housing and Land Summary. This report shows an increased demand in both the rental and sale markets thought the Pilbara for the period 1 January – 31 June 2022.

The Pilbara Half Yearly Housing and Land Summary is the Commission's principal publication in this space, summarising activity in the sales and rental markets across the region every six months.

Whilst the number of sales remained steady, 373 houses were sold across the Pilbara in the first half of 2022 compared to 369 homes sold in the first half of 2021, the median house sale price was \$487,500, a rise of 18.18% compared to June 2021.

The trend of quarter-on-quarter price growth also continued in unit sales, with the median sale price for the region rising to \$302,684 for the period, compared to \$243,000 for the same period in 2021.

Meanwhile, the number of dwellings listed for lease has continued to decrease, with 299 listed in the first half of 2022, down from the 342 listed in the first half of 2021. This reduction in stock has seen the median weekly rent rise to \$650, up 15.56%.

The PDC's acting CEO stated that *"the consistent rise in median sale prices, across all markets in the Pilbara, should give confidence to the housing construction and real estate industries that there is significant opportunity in the region. Approximately \$150 billion worth of projects have either been committed to or are under construction in the Pilbara, which will create more than 12,000 permanent operational jobs. Many of these roles have been identified as being for residential operational workers. Our focus is on ensuring that there will be enough housing, including affordable, suitable rentals, for these expected residential workers as they come on board"*.

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