

Pilbara May 2022 Monthly Economic Snapshot



HIGHLIGHTS



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COVID UPDATES



COST OF LIVING IN THE PILBARA



OTHER PILBARA NEWS (INVESTMENT, LEGISLATION, GOVERNANCE)

Interest rates

At its highly anticipated 3 May Board meeting, the Reserve Bank of Australia (**RBA**), lifted the official cash rate for the first time in more than 11 years. The RBA raised the cash rate from the record low of 0.1% (held in place since Nov 2020 and throughout the height of the COVID pandemic) to 0.35%.

This 25-basis points increase was greater than anticipated by the finance community with the RBA signalling that there is likely to be further increases to come in 2022. The RBA stated after the meeting that *"now was the right time to begin withdrawing some of the extraordinary monetary support that was put in place to help the Australian economy during the pandemic. The economy has proven to be resilient, and inflation has picked up more quickly, and to a higher level, than was expected. There is also evidence that wages growth is picking up. Given this, and the very low level of interest rates, it is appropriate to start the process of normalising monetary conditions".*

The RBA further stated that *"the outlook for economic growth in Australia also remains positive, although there are ongoing uncertainties about the global economy arising from: the ongoing disruptions from COVID-19, especially in China; the war in Ukraine; and declining consumer purchasing power from higher inflation. The central forecast is for Australian GDP to grow by 4½ per cent over 2022 and 2 per cent over 2023."*

Federal Government Election May 2022

The Coalition Government was defeated at the Federal Election held 21st May 2022. The Labour Party will govern in majority with at least 76 seats in the House of Representatives (two seats remain in contention). The 46th Parliament will have a record crossbench of at least 16 seats with at least 4 Greens and 12 independents or other minor-party MPs.

Pic credit: cefc.com.au





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COVID UPDATES

The World Health Assembly ran from the 22nd to the 31st of May 2022 where the head of the WHO, Tedros Adhanom Gebreyesus delivered the message "that while Covid-19 cases and deaths have declined significantly, it is not a time to lower our guard".

The current scientific theory is that countries of the world must work together to reach 70% of vaccination coverage to end the pandemic.

The World

As of 20th May 2022, there are over 521 million confirmed cases of Covid globally. There have also been 6.2 million deaths reported to the WHO while 12.1 billion vaccine doses have been administered.

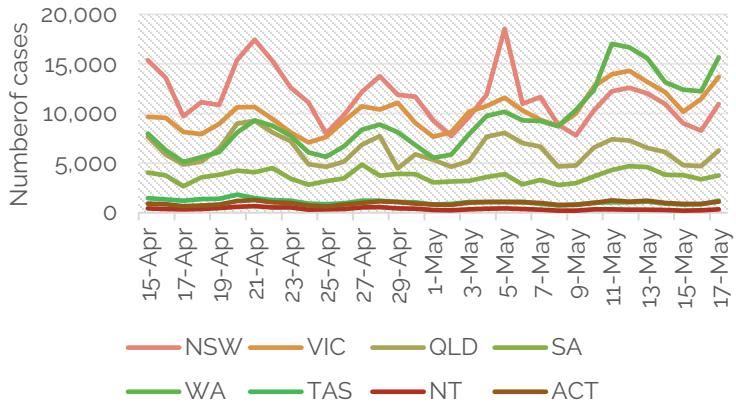
The number of cases in many South American countries, North African countries, Australia and the United States is increasing while the remainder of the world is seeing a downwards trend in a number of new cases. The decreased cases may be attributed to plummeting testing rates across the world. Despite the overall decreasing new case trend, there are currently rising deaths in Africa. Africa is the continent with the lowest vaccination coverage.

Western Australia

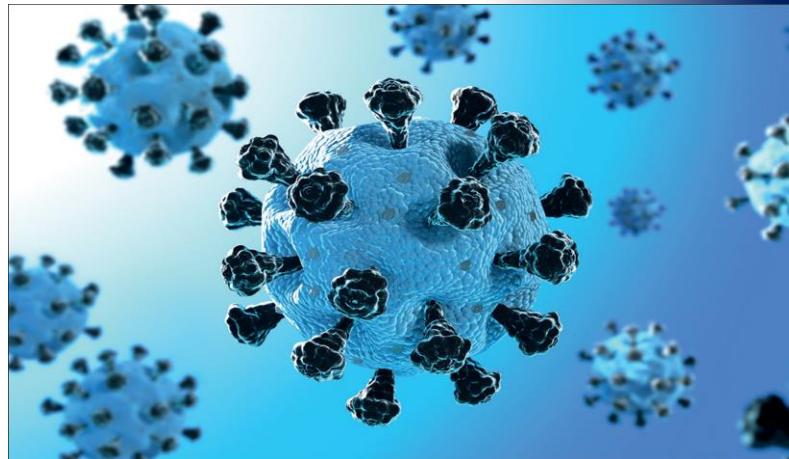
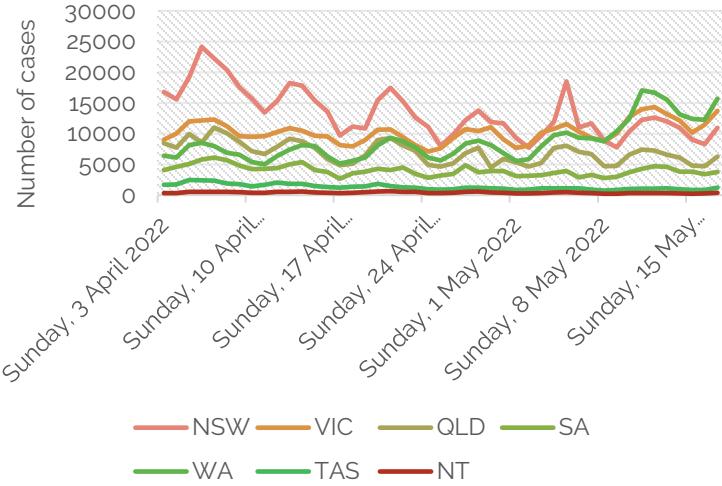
There has been a rise in Covid-19 cases in May as the first major flu season in three years begins. At the beginning of May Australian Medical Association (AMA) president, Omar Khorshid said Western Australia's health system would not be able to cope with a rapidly approaching 25,000-cases-a-day figure. As of May 24th, more than 3,500 health staff were absent due to COVID, compounding problems in WA's stressed health system.

The WA Premier has stated that masks and restrictions are unlikely to return ahead of the WA winter season.

Daily cumulative COVID-19 Cases in the past 28 Days in Australia



Number of Daily New Confirmed COVID-19 cases





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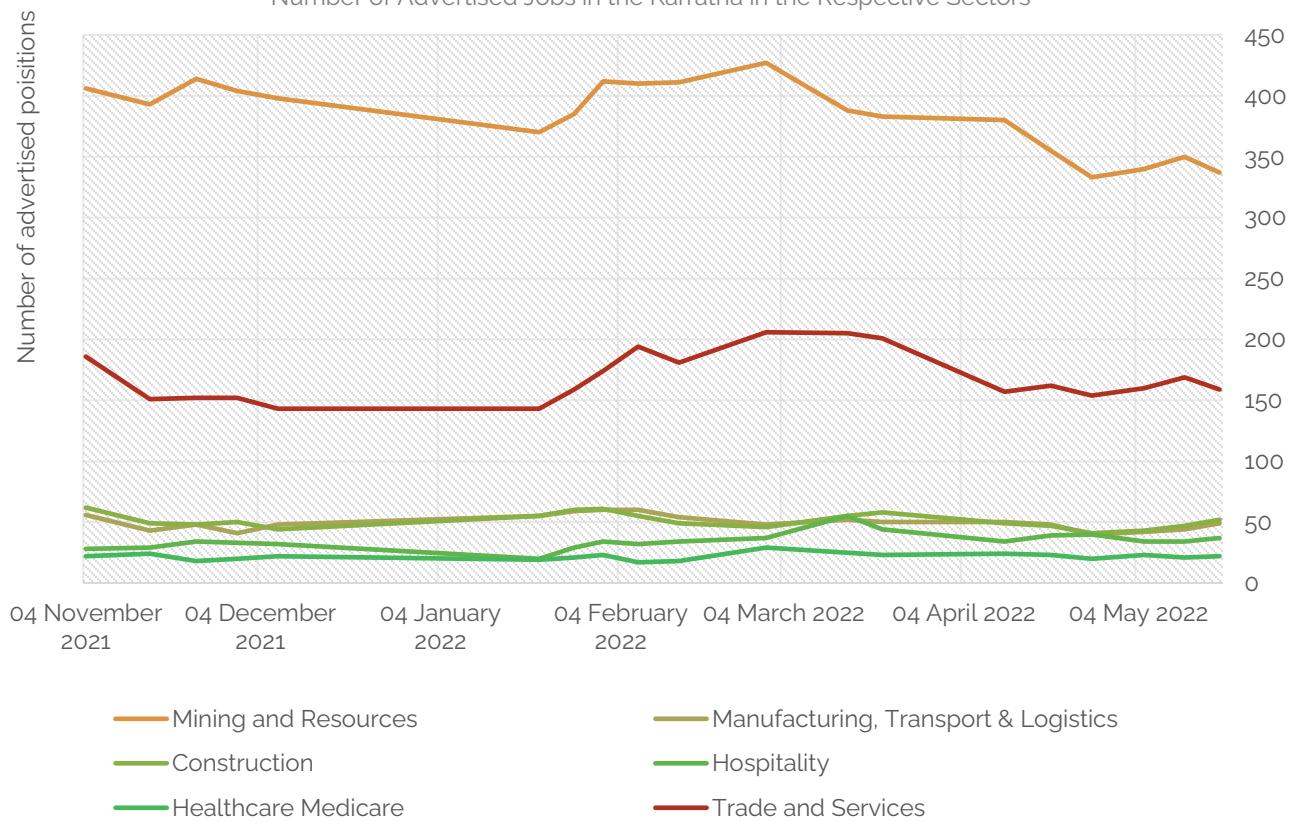
COST OF LIVING IN THE PILBARA

Job Availabilities

The mining and resources sector remains the largest employer in the Pilbara region. Seek data shows that the amount of job vacancies has begun increasing following a dip at the end of March. Throughout the Pilbara signs are appearing in shop windows advertising job vacancies and the need for staff. Employees are resorting to advertising on sites such as 'Gumtree' to try and recruit staff.



Number of Advertised Jobs in the Karratha in the Respective Sectors





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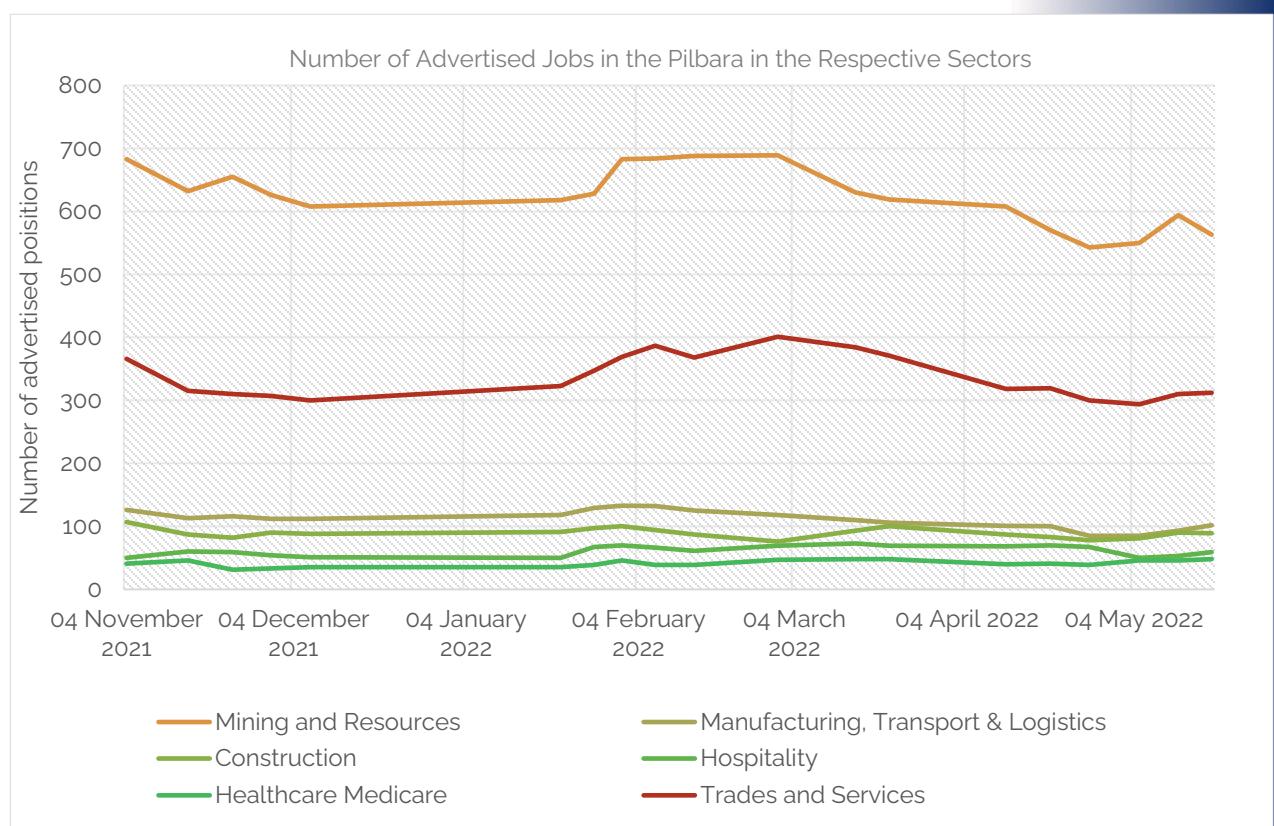


COST OF LIVING IN THE PILBARA CONT'.

Job Availabilities Cont.

The Resource Sector Workforce Report (RSWR) has found that the WA resources sector skill shortage is expected to continue rising until 2023, where the shortage could reach 33,000 people by the September Quarter.

Key factors contributing to the skilled shortage includes competition with the Eastern States for skilled workers and decreased international migration and interstate relocation following the uncertainty and hard border closures WA experienced in 2020 and 2021 due to the Covid-19 restrictions.





COST OF LIVING IN THE PILBARA CONT.

Fuel Price Trends

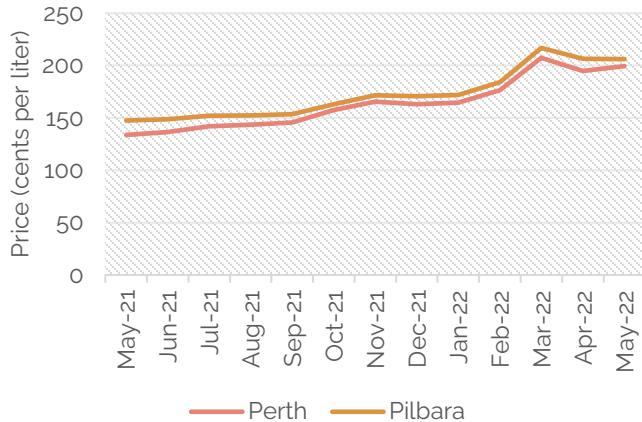
Governments locally and globally have been working to reduce the cost of fuel prices following the Covid-19 border reopening increases and the hydrocarbon instability generated from the Ukraine-Russia conflict.



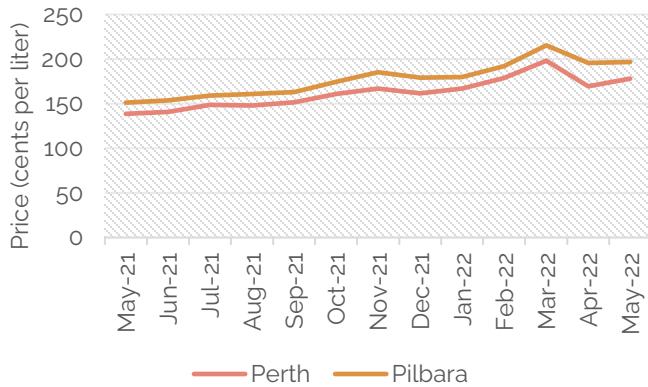
Notwithstanding the Federal Government cut to the fuel excise and the current May Covid-19 lockdowns in China which have decreased demands for fuel, as of May 10th, fuel prices have risen for the 3rd week in a row.

These rising fuel prices are attributed to the underlying rising crude oil cost since the beginning of 2022 and that the Group of Seven nations ban on Russian hydrocarbons further cutting down oil availability.

Average Price of Diesel from May 2021 until May 2022



Average Price of ULP from May 2021 until May 2022





OTHER PILBARA NEWS (INVESTMENT, LEGISLATION, GOVERNANCE)

Federal Government Election Cont'

On 23rd May 2022, the Anthony Albanese was sworn in as the 31st Prime Minister of Australia. The Labour Party will form government after nearly a decade of the Coalition running the Federal Parliament. The Hon. Melissa Price, the Liberal member for Durack (the electorate in which the Pilbara resides) retained her seat. Peter Dutton has been elected to be the Leader of the Liberal Party in opposition.

Yindjibarndi Legal Action

The Yindjibarndi People of Australia have commenced legal action against Fortescue Metals by applying to the Federal Court to determine compensation for iron ore mining on Yindjibarndi land.

Under the Federal Native Title Act any compensation awarded is paid by the Crown, in this case the WA government. However, the WA Mining Act has an untested pass-through provision – section 125A – that requires the holder of the mining tenements to reimburse the State. Fortescue has until August 31 to join the proceeding.



Pic Mining Monthly
Judge Steven Rares is escorted to the special sitting of the Federal Court in the Millstream-Chichester national park in the Pilbara in November last year.

BP Investment in \$36bn Asian Renewable Energy Hub

Several media outlets have reported that BP are proposing to make a significant investment in the Asian Renewable Energy Hub (AREH) (located in the north of the Pilbara). The AREH plans to harness 16GW of onshore wind and 10GW of PV for production of renewable hydrogen and ammonia.

Uluru Statement from the Heart

The new Prime Minister has committed to implementing the Uluru Statement from the Heart – enshrining an Indigenous voice to Parliament in the Constitution through a National referendum. The last Australian referendum was held in 1999 and concerned the establishment of Australia as a Republic but was not passed).

Shareholder Approval for the Merger of BHP & Woodside Oil & Gas Assets

On 19 May 2022 Woodside shareholders voted in favour of a merger with BHP Group's petroleum arm to create a A\$41 billion top 10, global independent oil and gas producer with assets in Australia, the USA, Mexico, Senegal and Trinidad. 98.66% of shareholders voted in favour of the merger. Woodside will hold a majority 52% interest in the merged entity.

Western Australian Government Plans for Renewable Hydrogen Target

On 6 May, the WA Minister for Energy announced that the government will work with industry and other stakeholders to investigate and develop options for the detailed design of Renewable Hydrogen Target (**Target**), with the design work expected to be finalised by late 2022. The Target would require a percentage of the electricity generated in the Southwest Interconnected System (WA's main electricity grid) to be fuelled by renewable hydrogen. The Target is intended to partially decarbonise WA's gas sector, support the growth of the renewable hydrogen industry and improve grid stability.

FIFO Alcohol Limits

On 23 May 2022, the WA Chamber of Minerals & Energy announced guidelines for the consumption of alcohol at on-site accommodation facilities following reports of sexual harassment and assaults across the mining sector. Under these guidelines (to be rolled out throughout the mining industry) fly-in, fly-out (FIFO) workers will be limited to four alcoholic drinks per day while staying at worksite accommodation in WA and shots and double servings of alcohol will be banned.

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